

ORIGINAL

BEFORE THE INDIANA GAMING COMMISSION

PUBLIC MEETING

TRANSCRIPT OF PROCEEDINGS

DATE: June 21, 1995

PLACE: Indiana Government Center Auditorium
302 West Washington Street
Indianapolis, Indiana

REGARDING: SES/Boomtown Belle II/Hilton

REPORTED BY: Sherry L. Malia, RPR, Notary Public

MEMBERS OF THE COMMISSION

Alan I. Klineman, Chairman
Thomas F. Milcarek
Dr. David E. Ross, Jr.
Donald R. Vowels
Ann Marie Bochnowski

ALSO PRESENT

John J. Thar, Executive Director,
and Members of the Staff

SHIREY REPORTING SERVICE, INC.
300 Capital Center South
201 North Illinois Street
Indianapolis, Indiana 46204
(317) 237-3350

I N D E X

Page

Presentation By SES/Boomtown Belle II/Hilton

Joseph Votaw.....	3
Robert List.....	4, 21, 45
Timothy Parrott.....	9, 33
Sheldon "Gene" Stunkel.....	14
Barron Hilton.....	37
Raymond "Skip" Avansino.....	39

Questions by the Commission of Boomtown.....	47
--	----

1 MR. KLINEMAN: Good afternoon, everyone.
2 We are ready to start. We have all the
3 commissioners present except Dr. Ross, and it's
4 about almost five minutes after 1:00, so we will
5 recognize the SES/Boomtown parties for their
6 presentation.

7 MR. VOTAW: Good afternoon, Mr. Chairman
8 and members of the commission. I am Joe Votaw.
9 I'm an attorney in Lawrenceburg and local
10 representative of SES/Boomtown for the last year
11 and a half.

12 I would like to introduce Robert F.
13 List, who will begin our presentation. But,
14 first, let me tell you a little bit about Bob and
15 some of his accomplishments. Bob is an attorney
16 and comes from a pioneer ranching family in the
17 State of Nevada. In 1966 he was elected attorney,
18 district attorney, of Carson City, Nevada. He was
19 elected attorney general in 1970. In 1978 he was
20 elected governor of the State of Nevada and served
21 until 1983.

22 It was Governor List's responsibility in
23 all the public offices he held to regulate the

1 gaming industry in Nevada. In fact, it was during
2 his tenure as attorney general and governor that
3 the gaming industry in that state became a tightly
4 regulated business. Governor List joined Boomtown
5 in 1992 as an outside director. The following
6 year he joined the company's executive ranks as
7 senior vice president and corporate counsel and
8 continues to serve on the board of directors. Bob
9 List.

10 MR. LIST: Thank you, very much, Joe.
11 Good afternoon Mr. Chairman, Members of the
12 Commission, Executive Director Thar, and staff and
13 guests. It's a real honor and a great privilege
14 for us to be here to present a project to you
15 unlike any this commission has seen. We've truly
16 saved the best for last.

17 This project fully addresses all the
18 criteria set forth by the legislature and it
19 incorporates the objectives which this commission
20 has set forth and sought as well. Today we'll
21 demonstrate that we have successfully created an
22 exciting and unique family destination resort
23 which will have the greatest economic impact

1 benefiting the state of Indiana, Lawrenceburg, and
2 the balance of Dearborn County as well. That
3 project is Boomtown Landing.

4 Boomtown Landing was conceived and
5 developed through the combined talent of SES,
6 Boomtown, and Hilton. Our team boasts an
7 extraordinary depth and breadth of resources.
8 With SES's vast experience in property
9 development, Boomtown's expertise in gaming and
10 the entertainment industry, and anchored by
11 Hilton, a company renowned for its world-class
12 hospitality services and unmatched financial
13 power.

14 With us today are the top leaders of our
15 team. Gene Stunkel, chairman and chief executive
16 officer of SES Properties and SES Gaming. Gene is
17 a native of Greensburg, Indiana, and brings years
18 of successful property development experience at
19 the national level to our team. In addition, he
20 holds an unrestricted gaming license in Nevada.

21 Tim Parrott, chairman and chief
22 executive officer of Boomtown. Tim is a member of
23 a California ranching and farming family which



1 traces its roots back to territorial days. A
2 self-made businessman with strong banking and
3 financial credentials, he took Boomtown public in
4 1992. Tim exemplifies the new breed of gaming
5 executives running many of the public companies in
6 this new and exciting industry. Smith Barney
7 rates Boomtown's management as one of the best in
8 the industry.

9 And, finally, to round out the team, we
10 have a powerful financial partner who assures our
11 success. I'm speaking of course of the world's
12 most recognizable name in the hospitality and
13 gaming industry, Mr. Barron Hilton, chairman and
14 chief executive officer of Hilton Hotels
15 Corporation. Seated next to him is Mr. Skip
16 Avansino, who I will introduce in just a moment.
17 Mr. Hilton's father is the legendary Conrad Hilton
18 who founded the company. Under Mr. Barron
19 Hilton's dynamic leadership over the last 30
20 years, Hilton has grown and flourished
21 exponentially around the world.

22 Mr. Raymond C. "Skip" Avansino, Jr., is
23 the president and chief operating officer of

1 Hilton Hotels Corporation. As a tax lawyer and
2 businessman long before joining the Hilton
3 corporation, Skip was a prominent Nevadan deeply
4 involved in community service and philanthropy.
5 I'm proud to say as governor I appointed him to
6 the Nevada Gaming Commission where he served with
7 distinction for four years.

8 The SES/Boomtown/Hilton team has
9 developed this project with one overall goal: to
10 create the best possible project for the citizens
11 of Indiana. Boomtown Landing will be a premier
12 tourist destination entertainment complex and
13 resort. Featuring a sensational riverboat casino,
14 Boomtown Landing has the financing in place, faces
15 no regulatory issues that could delay or stop the
16 project from complying with the twelve month
17 opening requirement of the law, and we're
18 confident that Boomtown Landing will deliver the
19 most beneficial economic impact, create
20 good-paying, full-time jobs, with a unique,
21 generous, and comprehensive revenue sharing
22 program for all of Dearborn County.

23 Boomtown Landing has the endorsements

1 from governmental entities which collectively
2 represent all of the citizens of Dearborn. These
3 endorsements are not based simply upon revenue
4 considerations but upon the strong partnership
5 spirit that we've cultivated throughout the
6 county, and we are prepared to hit the ground
7 running.

8 Included in our application is a
9 temporary operation at an existing permitted
10 marina which will allow Boomtown Landing to begin
11 operating and generating revenue for the state
12 within 90 to 120 days or less from the date of the
13 issuance of our certificate of suitability. This
14 gives us at least a six-month advantage and more
15 realistically a twelve-month advantage over the
16 competition, and it means Boomtown Landing will
17 fast track job creation and very quickly begin to
18 generate millions of tax dollars for the state,
19 region, county, and the City of Lawrenceburg.

20 Now I would like to present our team:
21 SES, Boomtown Landing's development partner;
22 Boomtown, Boomtown Landing's gaming management
23 partner; and Hilton Hotels Corporation, Boomtown

1 Landing's financial partner.

2 (Videotape presentation.)

3 MR. PARROTT: That's my one second of
4 fame, I think, in Indiana. Thank you, Bob.

5 Members of the commission, this is our
6 project of choice. We are prepared to focus all
7 our resources, financial and human, on this
8 fabulous project. Before I go into it, first I
9 would like to introduce two of our directors.

10 Richard Gigline is one of our outside directors,
11 formerly president of Holiday Inn and Heroes.
12 Next to him is Dick Scott, also a member of the
13 board and present chief operating officer of
14 Boomtown. Thanks.

15 As you see the drawings and soon the
16 video, I think you'll see that this is more than
17 just a casino project. If it starts to look a
18 little bit like Disney, we will be explaining why.
19 Our architects have done a lot of work for Disney.
20 Boomtown Landing is far more than just a riverboat
21 casino. We have taken the best features and
22 amenities from our four existing Boomtowns and
23 brought that concept to a new level on a much

1 grander scale. Not only have we taken the very
2 best from our properties, we have taken everything
3 we have learned from over a quarter century in the
4 entertainment business and included what we've
5 learned opening three properties just last year,
6 hiring three thousand Boomtown family members. We
7 are totally committed to building and operating a
8 first-class operation.

9 Within four months of opening our Las
10 Vegas property, we were awarded the most friendly
11 casino award by the Las Vegas Chamber of Commerce
12 against all other casinos in Las Vegas. That's
13 the level of service we would like to bring to
14 Lawrenceburg.

15 We also know that people are the life
16 blood of any organization. We know how to hire,
17 train, and motivate the women and men who will
18 join the Boomtown family here in Indiana. We were
19 pleased to see over thirty thousand people apply
20 to our three thousand new jobs in the three states
21 last year. Why did they do this? We think it's
22 because they recognize we are a quality company
23 who cares about people and their quality of life.

1 We also think that they saw we like to have fun
2 when we work and that's important.

3 We have a mission statement or a vision
4 statement. Many companies do. Ours is called The
5 Code of the West and its really quite simple. It
6 goes like this: Write it in your heart, stand by
7 the code, and it will stand by you. Ask no more
8 and give no less than honestly, courage, loyalty,
9 generosity, and fairness. And that's it.

10 On fairness, as an example, in New
11 Orleans half our employees are women, 33 percent
12 minority. Boomtown has always exceeded the
13 minimum for the hiring of minorities and women
14 everywhere we operate. We will do the same in
15 Indiana. I have a small correction for our
16 friends at Boyd. The Nevada State Bureau of
17 Alcohol and Drug Abuse would say that Boomtown was
18 the first casino in the United States to offer an
19 employee assistance program. Taking care of our
20 employees has always been our company's highest
21 priority, long before it was in vogue. That's the
22 people; now let we talk a bit about the project.

23 As I mentioned, we are taking a page

1 from Disney in our development approach and have
2 created a story line to guide the development
3 concept of Boomtown Landing. The genesis of our
4 theme revolves around several mythical frontier
5 characters who founded Boomtown Landing back in
6 1820. To give you a feel for our project and
7 story line, we would now like to show you a brief
8 video.

9 (Video presentation.)

10 MR. PARROTT: That gives a taste of what
11 we might offer in Lawrenceburg.

12 Boomtown Landing will feature a 19th
13 Century replica riverboat that is over 430 feet
14 long, with 65,000 square feet of gaming space and
15 2500 player positions. We believe that a
16 riverboat of this size allows us to begin to
17 address the huge market demand for this area.

18 A critical customer requirement we have
19 seen in over twenty-eight years in this business
20 is an insistence for close-in, on-site parking,
21 walking distance to a casino. We have it. You
22 saw the many amenities and features we will offer
23 in the video, and I don't think I convey the

1 passion and feeling we have for how important what
2 you are seeing in the video and what you are
3 seeing on the walls really brings to a project
4 like this.

5 A trademark of Boomtown for years, and a
6 strong passion of mine, has been family
7 entertainment. Our properties in Reno, Biloxi,
8 and New Orleans, all have family entertainment
9 centers. We plan on taking this concept to new
10 heights with a family entertainment center complex
11 at Boomtown Landing. In addition to the games,
12 rides, and simulators, there will also be a
13 day-care center.

14 I could and would love to talk to you at
15 length about the features of family entertainment
16 because it's great fun, but I would like to make
17 four key points on why this will be a year-round,
18 must-see attraction for the area. First, being
19 enclosed it is unaffected by weather. Second,
20 there is no charge to enter, like a theme park.
21 Third, it has a very dynamic and exciting mix of
22 entertainment components. And, finally, it will
23 draw from significant distances for its market.

1 For example, our Reno Fun Center draws from
2 Sacramento, California, well over 150 miles away.

3 In addition to our gaming and
4 entertainment expertise, we will benefit immensely
5 from the skills, expertise, resources, and other
6 strengths our financial partner, Hilton, brings to
7 this project. All these components have been
8 integrated into the theme and story of Boomtown
9 Landing. The direct costs for our permanent
10 facility is \$126 million. Two-thirds of the
11 project dollars are going directly into land-based
12 investments. We have a fabulous project. Now
13 Gene Stunkel will share with you why we have a
14 site to match. Thank you.

15 MR. STUNKEL: Someone asked me this
16 morning if I was nervous, and I said, why
17 shouldn't I be? This is a day that is probably
18 the longest day I've waited for for sometime. And
19 then he commences to tell me this is the longest
20 day of the year, and then yesterday I found out
21 the commission has decided that next week is going
22 to be my longest week in the year.

23 (Laughter.)

1 Thank you, Tim. When I first started
2 looking at Dearborn County and various sites along
3 the Ohio River, I knew that the riverboat had to
4 be located in Lawrenceburg, Indiana, the largest
5 city in Dearborn County. The sites were very
6 limited. There were many potential locations
7 where we could dock a riverboat, but sites
8 available for the type of land-based facility I
9 envisioned were limited to two areas. From my
10 experience in developing retail projects, I knew
11 it was extremely important to find easy access
12 from I-275 to the site. My first choice was a
13 site east of Lawrenceburg. The second potential
14 site was on the western side of the city adjacent
15 to the INM power plant. My primary focus was to
16 find a site that would pass muster with regulatory
17 agencies.

18 As you have all heard the last few days,
19 there have been exhaustive reports on the pros and
20 cons of the city site. I was then and I am still
21 convinced that a Corps of Engineers permit on the
22 east side of the city could take years and not
23 months. This was unacceptable. And here are the

1 factors that led me to the selection of the INM
2 power plant site for Boomtown Landing.

3 Let's talk about high and dry for a
4 minute. The first key factor was the ability to
5 find a facility and dock a boat. The site had to
6 be high and dry. All the sites on the east side
7 are underwater, as you can see in this photo.
8 This slide reflects high water but not even in the
9 flood stage. And let me remind you that this
10 picture was taken about four weeks ago, May 25th,
11 1995. Now here is our site taken on the same day.
12 Being high and dry allows us to develop this site
13 easier than any other because we avoid the
14 complications associated with the development in a
15 low lying area.

16 From the many years of my experience in
17 the development business, I knew we had to address
18 the issues of wetlands, archeological sites, fish
19 and wildlife concerns, and a host of other
20 regulatory issues, and shortly Bob List will
21 explain in detail the great lengths and expense we
22 have gone to in addressing and resolving each of
23 the necessary regulatory issues.

1 In my opinion and evaluation of the
2 site, I knew the location was buildable. We knew
3 the regulatory issues could be solved. We then
4 set out to address access, transportation, and
5 traffic issues. Our 150 acre site is located just
6 south of U.S. 50. As you will see, we have
7 provided easy access to U.S. 50. INM electric was
8 only able to provide us a 30-foot access road
9 connecting the property with U.S. 50, which was
10 not adequate for the anticipated traffic flow.
11 Therefore, we obtained an exclusive option on the
12 1 acre parcel that is located in the triangle on
13 this map. Now we have an entrance that will allow
14 for maximum access to the site and safe
15 intersection with U.S. 50.

16 We knew traffic volumes from our project
17 would present a challenge to the already congested
18 U.S. 50. Therefore, working with the Dearborn
19 County Commissioners, we set about the task of
20 determining the needed improvements. In January
21 of 1994, we retained the services of the Corradino
22 Group, a nationally-known transportation planning
23 and engineering company with offices in Indiana,

1 Kentucky, and Florida, to conduct a traffic study.
2 Rather than go into the details of the study, let
3 me summarize the results for you.

4 The conclusion of the study was that
5 while U.S. 50 has a capacity to handle the
6 increased traffic resulting from the proposed
7 entertainment complex we are building, adding left
8 turn lanes and intersection improvements will
9 alleviate existing traffic safety problems as well
10 as provide a significant increase in its capacity.
11 Let me make this simple. This slide shows Highway
12 50 as it now exists, a four-lane highway that is
13 essentially a two-lane highway because of the
14 stacking of cars for left hand turns. Now let me
15 show you this slide. It shows the improvements.
16 Adding a new center lane, which would be the left
17 hand turn lane in both directions, effectively
18 doubling the capacity of Highway 50. Now, let me
19 give you an example of our philosophy of
20 partnership with the local community.

21 For the last fifteen years the citizens
22 of Dearborn County have asked the Indiana
23 Department of Transportation to make necessary

1 safety improvements to the U.S. 50 highway through
2 petitions and post card drives sent to INDOT and
3 the governor. In addition, the Indiana General
4 Assembly passed a nonbinding resolution urging
5 INDOT to make improvements to the highway.

6 Together with the Dearborn County Commissioners,
7 we came up with a plan to fund the design for the
8 construction of the improvements. This plan was
9 simple. If the improvement project was designed,
10 INDOT might expedite construction.

11 The county commission presented this
12 plan to INDOT with the support of the local
13 community. Needless to say, we didn't have any
14 trouble finding support for the project. I'm
15 pleased to say that the final design plans were
16 submitted to the Indiana Department of
17 Transportation on June 16th, 1995. INDOT has
18 scheduled a July letting date and construction
19 should begin in August. By working together, the
20 citizens of Dearborn County are going to see this
21 fifteen-year effort become a reality.

22 To build Boomtown Landing, we wanted the
23 best builder available. We turned to Geupel

1 DeMars, an Indianapolis company. I built my first
2 enclosed mall with Geupel DeMars over twenty-three
3 years ago in Danville, Illinois. They have
4 recently completed the construction of the
5 Dearborn County Jail and Corrections Facility and
6 they know the work force in Southeastern Indiana.
7 This Indiana company is another premier component
8 of our project, and we are excited to have them as
9 a part of our team.

10 Here is our construction schedule:

11 Without getting into specifics, I can tell the
12 commission that we will be in operation at our
13 permanent site and open for business within twelve
14 minutes -- twelve months from the time our license
15 is issued. I'm always trying to get ahead.

16 Earlier I told you my first concern was
17 to find a site acceptable to the various
18 regulatory agencies. Mr. Chairman, Commissioners,
19 Mr. Thar, we've done our homework. There's no
20 ifs, ands, or buts. There's no promises we're
21 going to do new studies; they are done. We're
22 ready for the Corps of Engineers hearing, and I
23 can make this statement to you today: We'll sail

1 our boat faster than any application that's been
2 before you, period. Now here is Bob List to tell
3 you why.

4 MR. LIST: Gene's right, and here is our
5 advantage. We can obtain the necessary permits
6 for both of Boomtown Landing's sites long before
7 any of our competitors, in just three to four
8 months. At that point we can immediately start
9 operating at our temporary facility. I spent
10 sixteen years in public office enforcing and
11 defending environmental regulations, and, so, a
12 respect for and a careful attention to both the
13 environmental values and the process that the
14 agencies go through was important to us.

15 Our philosophy was simple: First,
16 identify every single environmental issue and
17 concern and, second, understand and then
18 thoroughly and responsibly address every single
19 component of the wide breadth of the environmental
20 spectrum. Here is what it means to you: First we
21 can obtain the necessary state and federal permits
22 quicker and begin operations faster than any other
23 applicant. Second, we have the ability to safely

1 and legally cruise in Indiana waters.

2 With us today is Steve Smith, who's
3 managed the regulatory portion of this project on
4 a day-to-day basis for about a year and a half
5 now. Before joining the law firm of Goldberg &
6 Simpson, Steve served as district counsel to the
7 Louisville District Office of the U.S. Army Corps
8 of Engineers where he was responsible for
9 providing legal advice to the regulatory divisions
10 of the district. He knows his business. Included
11 in his fifteen years of Corps service, Steve has
12 more than twenty-one years of state and regulatory
13 experience. He's here to answer any specific
14 questions you may have concerning the regulatory
15 process.

16 Let me summarize our hard work and
17 preparation this way: Phase I, environmental
18 reconnaissance of the project site. This was
19 completed over a year ago as part of our selection
20 process. June 1994, done.

21 Wetlands evaluation. Anyone desiring to
22 develop a project adjacent to a river must address
23 the wetlands issue. As you saw on the flooding

1 slides, the presence of wetlands would surely
2 present a challenging scenario for permitting of a
3 land-based facility within that area. The near
4 total lack of wetlands on our site is the major
5 difference between Boomtown Landing and the
6 upstream location. Because there's less than 1
7 acre of wetlands on our entire 150 acre site, our
8 location is in a very special category. No action
9 required. June 1994, done.

10 The Corps has reviewed our applications
11 which we submitted over a year ago and determined
12 that they are complete for the issuance of public
13 notice. September 1994, done.

14 We submitted all required permit
15 applications to the required state agencies as
16 well. Our Indiana Department of Natural Resources
17 construction and flood way permit application has
18 been filed and is awaiting final action pending
19 receipt of the Indiana Gaming Commission's
20 certificate of suitability. All concerns raised
21 by the IDNR staff, such as fish and wildlife
22 issues, cultural resources, and navigation safety
23 have been fully addressed. No substantive issues

1 remain. December 1994, done.

2 I do want to call your attention to one
3 point. IDNR policy prohibits the construction of
4 a building such as a hotel in a flood plain. Most
5 other projects in Dearborn County include
6 proposals for construction of a hotel in a flood
7 plain. There are only two ways that the
8 construction can actually occur: One can either
9 obtain a waiver from the Indiana Natural Resource
10 Commission or conduct detailed hydraulic modeling
11 to demonstrate that the hotel will not be located
12 in a flood plain. We have done both. No other
13 applicant can say the same.

14 Corps sampling of ash pits. The
15 constitution of the existing fill material on our
16 site was important. Our design has been expressly
17 tailored to avoid any intrusion into the ash pits.
18 June 1994, done.

19 Phase I and II archeological
20 investigations. Due to the six- to nine-month
21 lead time involved in detailed archeological
22 investigations, we made a very significant
23 investment to fully analyze the presence of such



1 resources on the property. The Glen Black
2 laboratory of Indiana University was engaged to
3 plan our work and to coordinate the studies with
4 the various agencies. 138 trenches were dug,
5 analyses made, project reports prepared, filed,
6 and accepted by the state. We are the only
7 applicant on the INM site to have done any of
8 those things. There were areas encountered which
9 contained such resources, and a mitigation plan
10 was submitted to the state for its approval. No
11 delay in permitting or construction is expected.
12 Done, May 1995.

13 We also responded to an issue raised by
14 the Indiana Department of Fish & Wildlife. To
15 offset the minor loss of resources from the
16 clearing of trees along the river bank, we
17 developed a wildlife habitat mitigation plan.
18 This plan also mitigates the loss of a small
19 amount of wetlands, less than an acre out of the
20 150 total acres on our property. It's been
21 submitted to the Corps of Engineers and has been
22 approved by the State Department of Natural
23 Resources. Incidentally, we have no endangered

1 species on our site. July 1994, done.

2 The discovery of endangered mussels can
3 have a serious impact on the ability to excavate
4 on the Ohio River. We have no such issue at our
5 site. September 1994, done.

6 Extensive hydraulic modeling is required
7 to determine the effect of a proposed development
8 upon the flood plain. Our studies have
9 demonstrated that our project totally complies
10 with all state guidelines. January 1995, done.

11 Navigation risk analysis as mandated by
12 the Coast Guard under the Corps of Engineers'
13 process. Our analysis was conducted by Captain
14 Buck Lay, a master with over 30 years experience
15 on the Ohio River and a member of the Ohio River
16 Ice Committee. It's been completed and filed with
17 the Corps of Engineers in the State of Indiana.
18 May 1995, done.

19 The ability to cruise has always been
20 one of the State's requirements. I'm pleased to
21 tell you that due to our site design we have a
22 750-foot wide cruising lane of Indiana water. In
23 short, we can safely cruise in Indiana waters and

1 have submitted the plans to do so. You'll hear
2 from the Corps of Engineers and the Department of
3 Natural Resources tomorrow who can confirm to you
4 what I've just reported. Our goal is to be in
5 operation in the shortest period of time. To that
6 end, we made every conceivable effort to
7 thoughtfully investigate, evaluate, and resolve
8 all the issues.

9 Let me summarize with these three key
10 points: First, certain sites along the river
11 indeed pose significant challenges to federal and
12 state regulatory approval. Ours does not. And
13 second, Boomtown Landing has completed more
14 advance study than any other applicant to ensure
15 the fastest possible processing time. And
16 finally, our intensive permitting process has
17 taken us a full twelve months. It gives us a
18 massive head start. While no one can predict
19 exactly how long it would take the Corps to reach
20 a decision on any of the applications, it's clear
21 that our exhaustive work has given the Corps and
22 other agencies the thorough and complete
23 information they need to make a decision on our

1 project faster than any other applicant.

2 I'm going to turn now to the subject of
3 economic impact and regional revenue sharing. As
4 Gene said earlier, the market is enormous. We've
5 heard over the last three days that it exceeds
6 \$700 million. Economic research associates who
7 did our study, Smith Barney, Oppenheimer, and
8 Hilton in their independent study, all agree that
9 the annual market is at least seven hundred
10 million. The SES/Boomtown/Hilton proposal without
11 a doubt maximizes revenue. We'll capitalize on
12 this huge market to create the greatest economic
13 impact and will establish Dearborn County and
14 Lawrenceburg as a gaming destination in this
15 national competitive gaming marketplace.

16 Here are the facts which clearly
17 demonstrate that the Boomtown Landing project
18 creates the greatest economic impact over the
19 largest geographic area. The project investment
20 of Boomtown Landing will total \$158 million.
21 Grants to local governments over the next five
22 years total \$33 million. First year revenue will
23 total two hundred eighty-eight million. Still far

1 short of the market potential of seven hundred,
2 and that's our conservative estimate. Our revenue
3 advantage is due to the project's ability to
4 better satisfy the market demand.

5 Now the unique involvement -- with the
6 unique involvement of Hilton, we are even more
7 confident of our projection. This revenue
8 advantage translates directly to \$45 million in
9 state gaming tax revenue. Thirty-four million for
10 the State to keep, eleven million to the City of
11 Lawrenceburg, and our first year admission taxes
12 in addition total 10.4 million. You can see from
13 this slide the property taxes, employment, state,
14 and local income taxes, and sales tax. This
15 totals an impressive \$7 million annually for
16 schools, roads, bridges, and care for the
17 disadvantaged. Our significant project investment
18 creates thousands of direct and indirect good-
19 paying jobs. The annual payroll will total
20 twenty-five million, employing 1200 full-time
21 employees. However, these figures represent only
22 a fraction of the impact our facility will have on
23 the region and state.

1 Our construction phase will support 3800
2 direct and indirect jobs with a combined payroll
3 of eighty-eight million. The indirect impact of
4 our construction vessel totals two hundred and
5 thirty-four million, of which \$97 million will be
6 spent locally. Our operational phase supports
7 4400 direct and indirect jobs with total impacts,
8 including wages, of almost two hundred million.

9 Our proposal accomplishes one other
10 important goal, it benefits all the citizens of
11 Dearborn County, all of whom are responsible for
12 the passage of the riverboat gaming referendum,
13 and that explains why Boomtown Landing was
14 endorsed by the Dearborn County Council, the
15 Dearborn County Commission, nine townships, and
16 five cities and towns throughout Dearborn County.

17 Some interesting facts. Of the 6,209
18 yes votes in the riverboat gaming referendum, 793
19 came from the City of Lawrenceburg, or 13 percent.
20 The whopping remaining balance of 5,416 yes votes,
21 or 87 percent, came from the balance of Dearborn
22 County. The entire county made gaming possible
23 there, yet much of the county would receive very

1 little direct benefit without Boomtown Landing's
2 revenue sharing proposal. The county will receive
3 \$2 for each of our guests, one dollar for the
4 statutory admission tax and one dollar from
5 Boomtown Landing's revenue sharing grant directly
6 to the county. The total is \$6.9 million in our
7 first year and \$40 million over five years.

8 What does this mean to the Dearborn
9 residents responsible for riverboat gaming? This
10 slide shows the allocation throughout the county
11 to all the townships and communities based on
12 population, and now Lawrenceburg has also adopted
13 a revenue sharing plan to distribute 50 percent of
14 their revenue to certain entities. While there is
15 some overlap between the two groups of recipients,
16 that is, their recipients and ours, the Boomtown
17 Landing recipients include the areas of the county
18 which don't benefit under the City plan, the
19 unincorporated area where over half the population
20 of the county resides. These citizens will
21 benefit only if Boomtown Landing is chosen. With
22 the combination of the two plans, everybody wins.
23 And, understandably, our proposal has generated

1 the support of elected officials representing the
2 entire county, and we are very proud of those
3 endorsements.

4 Let me talk for a moment about the City
5 of Lawrenceburg. It's important for any operator
6 to have a good working relationship with the City.
7 While we did not participate in the City
8 endorsement process, we have met with the mayor
9 and City officials on many occasions and we look
10 forward to working with them as we build and
11 operate Boomtown Landing. Just as we worked with
12 the County, as Gene told you, on solving the
13 Highway 50 improvements issue, we committed to
14 City officials that we will be responsible
15 corporate citizens, good neighbors, and friends of
16 the community. Excluding the cost of improving
17 U.S. 50, the City has estimated that the
18 additional infrastructure improvements will
19 require \$12.5 million. Our estimates are less.
20 However, we are prepared to spend up to 12.5
21 million if, in fact, we are licensed.

22 If selected by the commission for
23 licensure, we'll work with the City in addressing

1 the infrastructure needs of the community. We
2 commit to properly conclude a development
3 agreement with the City following issuance of our
4 certificate of suitability.

5 Riverboat gaming presents many
6 challenges to all the citizens of the county and
7 the region and they are all entitled to share.
8 The SES/Boomtown/Hilton proposal addresses those
9 challenges and provides a means by which
10 Lawrenceburg, the county, the region, and the
11 state will all receive maximum benefit from
12 gaming. After viewing this next video, I think
13 you will agree that we have demonstrated that
14 here, as in every other community in which SES,
15 Boomtown, and Hilton do business, we will meet the
16 demands of both the City of Lawrenceburg and all
17 of Dearborn County.

18 (Video presentation.)

19 MR. PARROTT: We're very pleased to have
20 those endorsements. Our unique advantage for
21 Indiana, in addition to a great project, is our
22 ability to open a temporary facility immediately.
23 We will be operating months before anyone else.

1 This means millions of dollars in new-found tax
2 revenues, good-paying jobs, and millions of
3 dollars in economic benefit for the local economy.
4 We will operate a full-service riverboat gaming
5 operation at the Lighthouse Point Marina, three
6 miles south of our permanent site on Road 56 west
7 of Aurora. It's fully authorized and in
8 compliance with state and federal regulatory
9 agencies. This is the twenty million dollar
10 difference, our use of an existing marina. We can
11 be open and operating immediately upon receipt of
12 the Corps of Engineers approval for gaming use.

13 The marina is ready to use. No
14 construction, which requires additional Corps of
15 Engineers approval, is necessary. There are no
16 regulatory impediments to this site. If you had a
17 250- or 300-foot boat right now, this is the only
18 spot in the county where you could bring it today
19 safe from river traffic and could operate.

20 Here is what's been done: Archeological
21 investigations, Corps permit modifications has
22 been applied for as has the risk analysis been
23 completed. What about bringing customers to the

1 site? Our traffic plan has been coordinated with
2 the mayor of Aurora, Leon Kelly, and INDOT. We
3 will pay for paving, signalization, and repairs to
4 Highway 56. So when we move to our permanent site
5 the City of Aurora will benefit from major road
6 improvements.

7 Our financial partner, Hilton, has a
8 riverboat available immediately for this project.
9 This fine boat you are looking at is almost new.
10 It's never been raced and it's very low mileage
11 and Barron says we can have it. Seriously, I've
12 been on it, and you might have if you've been to
13 New Orleans. It's a great boat. It's very well
14 done. It's in excellent condition, and it can be
15 here in weeks. The temporary facility will be
16 40,000 square feet with food, beverage, and
17 entertainment services in a temperature controlled
18 structure, much like the one we used when we
19 opened in New Orleans and it worked very well.
20 Our planned investment in the boat and facilities
21 for the temporary operation is over \$32 million.
22 This investment, plus our permanent facility
23 investment of \$126 million, represents our total

1 project costs of a hundred and fifty-eight
2 million.

3 In addition to our proposed revenue
4 sharing plan described earlier by Bob, we have a
5 unique plan for our temporary site as well.
6 Aurora will receive a grant of one dollar per
7 guest during the operation of our temporary
8 facility. That is \$2.5 million for one year of
9 operation. The City leaders have overwhelmingly
10 supported this project. The Boomtown advantage is
11 our ability to be open and operating within this
12 90 to 120 days from receipt of certificate of
13 suitability. It's a boat that's ready to go.
14 This means extra dollars for Indiana.

15 Looking at the revenues, you will see
16 what one full year of operation would do at the
17 temporary site. The twenty million dollar
18 advantage represents just six months of that. The
19 twenty million dollar advantage, accelerated tax
20 revenues unmatched by any other applicant. Now it
21 gives me great pleasure to ask my good friend,
22 Barron Hilton, to come to the podium and share
23 with you why Hilton is a part of this project and

1 what they bring to you with this proposal.

2 MR. HILTON: Thank you, Commissioners,
3 for the chance to speak before you today. I am
4 delighted to be here and wanted to personally
5 express my enthusiasm for this great project and
6 to also let you know that Hilton is firmly
7 committed to its success. When we review new
8 projects, we look at three very important factors.
9 I can tell you this one passes the test with
10 flying colors.

11 First, we look at projects of a major
12 scale, projects that will be financially
13 successful, that will have a major impact in the
14 area, and that we can be proud to have join the
15 Hilton family. I am very high on the potential of
16 the Dearborn County market. As you have seen from
17 our plans, this is a Hilton-sized project.

18 Second, we target ventures that will
19 create happenings in an area and bring positive
20 economic impact. Our proposed project is not just
21 a casino or a hotel. It will create a new and
22 exciting entertainment destination for the region.
23 At Hilton, we have made a specialty of bringing

1 visitors to destinations for seventy-five years.
2 I would offer to you that no one does it better.
3 In the process, this project will accomplish the
4 important goals of generating thousands of new
5 jobs and millions of dollars in new tax revenues
6 for the City, the County, and the State.

7 Last, but not least, we look for solid,
8 well-respected partners, and we have two of the
9 best. We are proud to be associated with the fine
10 people at SES and Boomtown. In a cross state
11 gaming market that could become very competitive
12 in the near future, as with Indiana and Ohio, the
13 strength of a partnership can make a huge
14 difference. The partnership of Hilton, Boomtown,
15 and SES brings that kind of strength. In short,
16 we have all of the ingredients for a first-class
17 facility.

18 My father, Conrad Hilton, used to say:
19 Think big, act big, dream big. Well, let me say
20 that we have big plans that will mean big things
21 for Dearborn County and the State of Indiana.
22 Thank you, again, for your time and consideration.
23 Now I would like to introduce our president and

1 chief operating officer Skip Avansino.

2 MR. KLINEMAN: Excuse me, approximately
3 how much longer do you have? You're running over
4 time.

5 MR. THAR: They have an hour and a half.

6 MR. KLINEMAN: Oh, I'm sorry. Okay.

7 MR. AVANSINO: Thank you, Barron. Thank
8 you, Chairman Klineman, Members of the Commission.
9 Hilton is proud of its association with SES and
10 Boomtown, as Barron noted. We are truly excited
11 about this extraordinary project. It is with a
12 genuine sense of enthusiasm and commitment that
13 Barron and I stand before you today to discuss
14 Hilton's role in this venture and project.

15 If the Boomtown Landing application is
16 approved, our company shall immediately seek this
17 commission's finding of suitability, approval to
18 acquire a 25 percent interest in the project, and
19 to manage the facility with Boomtown. At this
20 time our role is that of a financing agent and
21 lender. If the venture is granted a license,
22 Hilton has arranged the necessary financing to
23 construct and develop the temporary and permanent

1 facilities. One of Hilton's new river casinos
2 will be sold to the venture, as Tim discussed.
3 The total costs for this project is \$158 million.
4 At this time the total project funding, the total
5 project funding, is in place and unequivocally
6 committed.

7 For the temporary operation, Hilton will
8 sell the venture a new Mississippi paddle wheel
9 river casino for the price of \$24 million. It is
10 fully operational with gaming equipment and can be
11 here within 30 days. To complete the temporary
12 phase of the project, Hilton will provide \$12.75
13 million and Boomtown will provide four and a
14 quarter million.

15 For the permanent operation, Hilton has
16 arranged a senior credit facility for \$95 million
17 through First Interstate Bank of California. This
18 loan will be amortized over a five-year period
19 after completion. If the loan was drawn today,
20 the rate would be approximately seven to seven and
21 a quarter percent. Mr. Charles Reed, senior vice
22 president of syndications for First Interstate
23 Bank of California, is here in the audience to

1 answer any questions the commissioners may have
2 regarding their unconditional commitment. To
3 complete the permanent operation, up to thirty-
4 seven and a half million dollars will be provided
5 by Hilton and Boomtown at \$18.75 million each. As
6 you can see, Commissioners, committed funding
7 comfortably exceeds the estimated cost of the
8 temporary and permanent projects.

9 Our second role is that of a consultant.
10 We will bring our extensive resources to bear on
11 this project, utilizing our company's twenty-five
12 years of experience in casino gaming plus our
13 seventy-five year history of providing quality
14 hospitality and entertainment to millions of
15 guests throughout the world.

16 And, lastly, we will license the Hilton
17 trademarks and brand name, the twelfth most
18 powerful brand in the world and the most highly
19 esteemed in the hospitality industry.

20 Mr. Chairman and Members of the
21 Commission, as president of Hilton Hotels
22 Corporation, I have expressed our tangible
23 commitment to this project. As a former gaming

1 commissioner for the State of Nevada, I fully
2 understand your responsibility to the State of
3 Indiana. As you consider the presentations you
4 have heard in the last few days, I respectfully
5 offer for your consideration a list of criteria.
6 These should be met by any operator wishing to be
7 granted a license by this commission. First,
8 unquestioned integrity and unshakable corporate
9 reputation; second, financial strength; third,
10 extensive multi-jurisdictional gaming experience;
11 fourth, a track record of job creation and
12 economic development; and fifth, leadership.

13 In our role as financing agent, lender,
14 consultant, and licenser to the Boomtown Landing
15 venture, we believe we have achieved a hundred
16 percent score card on these important criteria.
17 When joined with the significant attributes of SES
18 and Boomtown, it makes for a powerful combination
19 and one that we believe any other group would be
20 hard pressed to match.

21 On integrity and reputation, Hilton was
22 the first New York Stock Exchange company to enter
23 the gaming business. We hold licenses in gaming

1 jurisdictions throughout the United States and the
2 world. We are proud of the trust and confidence
3 gaming regulators have placed in Hilton and its
4 officers. Financial strength has long been a
5 hallmark of Hilton Hotels Corporation. Our
6 balance sheet is the envy of the industry, and we
7 are currently the only company, the only company
8 in the hotel and gaming industry, with an A credit
9 rating.

10 Our gaming experience actually goes back
11 to 1949 when Mr. Hilton's father, Conrad Hilton,
12 opened a casino at the Caribe Hilton in Puerto
13 Rico. Today we operate ten hotel casinos or
14 riverboat casinos around the world with several
15 more in development, which you have heard today.

16 On job creation and economic
17 development, we are proud of our 44,000 employees
18 around the world and that many of our projects,
19 such as those in Windsor Canada and the Gold Coast
20 Australia, have helped sparked new development and
21 increased tourism and have created thousands of
22 new jobs and have contributed to the re-energizing
23 of the tourism areas. At the end of the day,

1 these are the reasons casino gaming has come to
2 Indiana, and they provide the ultimate measurement
3 of success.

4 And leadership. Leaders determine the
5 future, set the trends, pioneer new efforts, and
6 have the wherewithal to do it. Leaders, through
7 their actions, over time earn the respect of their
8 customers, legislative and regulatory bodies,
9 employees, shareholders, and community leaders.
10 Hilton has been a leader in its business for
11 seventy-five years.

12 There is one more attribute that Hilton
13 is proud to bring to this process, and that's
14 global presence. Hilton is truly a world-wide
15 enterprise. Our system includes 235 hotels in the
16 United States, including the famous Waldorf
17 Astoria in New York and the fabulous Hilton
18 Hawaiian Village. Additionally, Conrad
19 International operates hotels in London, Hong
20 Kong, Dublin, and Brussels. Hilton Reservations
21 Worldwide is the industry's most comprehensive
22 reservation system, booking nearly five million
23 reservations a year. H-Honors, our highly



1 successful frequent state program, has three
2 million members, and our team of over one hundred
3 sales representatives have offices world wide to
4 ensure that we remain the preferred choice for
5 travelers around the globe.

6 Now, what does this mean to you and the
7 to State of Indiana? Simply that Hilton brings to
8 this project the resources of a global system,
9 and, as Mr. Hilton noted, the experience of
10 attracting visitors to exciting destinations, such
11 as the one we have planned here in Dearborn County
12 along with Boomtown and SES. We are proud, we are
13 very proud to bring all of these qualities to the
14 SES/Boomtown venture and hopefully to the State of
15 Indiana.

16 Thank you, Mr. Chairman, for your time,
17 and Commissioners. Let me now turn it back to Bob
18 list.

19 MR. LIST: Thank you, Skip. And there
20 you have it, Boomtown Landing. You heard Tom
21 Carnegie in the opening video talk about the
22 winning combination. It's a combination which
23 includes team strength, impeccable credentials,

1 experience, management skills, financing, and
2 total integrity. This project will act as a
3 magnet for one of America's greatest markets. It
4 will be the premier tourist destination and
5 entertainment resort complex in this entire region
6 and one of the best in the entire Midwest. It's a
7 project that promises the greatest economic impact
8 over the broadest geographic area and has received
9 the very powerful and not to be overlooked
10 endorsements of governmental agencies representing
11 all the citizens of Dearborn County.

12 The partnership is ready to go with a
13 quick start. Financing is in place to build and
14 operate Boomtown Landing. Our depth includes the
15 financial strength necessary to weather any storm.
16 No significant regulatory or infrastructure issues
17 remain. The capacity to safely cruise in Indiana
18 waters is there. And we have a huge competitive
19 advantage over all other applicants with a boat
20 virtually ready to dock in an existing marina
21 serving as a temporary site that allows us to be
22 in operation in 90 to 120 days.

23 SES/Boomtown/Hilton. We stand ready to



1 develop the best project in the State of Indiana.
2 After nearly two years of hard work, it's with
3 great pride that we stand before you today and
4 present Boomtown Landing. It's been an honor and
5 a privilege for each of us and the hundreds of
6 individuals who have worked with us to design and
7 permit this project to make this presentation.
8 Mr. Chairman, Members of the Commission, we
9 respectfully request that you award a license to
10 SES and Boomtown. SES, Boomtown, and Hilton each
11 give you our solemn pledges to bring this
12 visionary project to the Hoosier state with
13 sincerity, professionalism, speed, integrity, and
14 quality. Thank you, very much, we invite your
15 questions.

16 (Applause.)

17 MR. KLINEMAN: Thank you. We will now
18 take our usual 15 minute recess and be back about
19 a quarter until 3:00.

20 (A recess was had.)

21 MR. KLINEMAN: I think we're getting
22 ready for the question period. First, let me
23 explain to those of you who weren't aware,

1 including myself or I wasn't focusing on it. The
2 original application that was filed by SES and
3 Boomtown was an application for two licenses.
4 They, in fact, did pay the requisite sums of
5 filing fees and additional fees which were
6 required for two full applications and they were
7 subject to the investigations on that basis and we
8 went forward.

9 As you all know, the legislature, in its
10 wisdom -- I think that's what you are supposed to
11 always say after you say the word "legislature" --
12 decided to limit the number of licenses that could
13 be given in any one county to one, so that made it
14 not possible for the two boats that these
15 gentlemen had envisioned. So they have gone
16 forward with an application basically for one
17 license, but when the schedule was made up, since
18 they had paid their full fare for two full
19 licenses, they were given an hour and a half of
20 presentation time, and that's the reason that I
21 mistakenly tried to cut them off.

22 And I apologize for rising, but we had
23 tried to keep everyone to a requisite hour, but

1 you were certainly entitled to an hour and a half,
2 probably two hours, but I'm glad we didn't give
3 you a full two hours because it's been rather long
4 for this commission. And I suppose the mention
5 was made that we saved the best for last, and, of
6 course, we've always done this by alphabetical
7 order. You would have been pretty high up if we
8 had done the Boomtown first, but we decided to use
9 the "S" instead of the "B", but anyway, that's the
10 explanation of what happened on time wise. Are
11 you going to have a moderator, somebody to direct
12 traffic here? Governor, are you chosen for that?

13 MR. LIST: I'll do the best I can. I
14 have a good team behind me.

15 MR. KLINEMAN: That's great. And for
16 the purpose of our reporting, those people who are
17 going to answer the question, if they would please
18 state their name. They don't have to give their
19 full title or anything unless they wish, but at
20 least we want their name so that the reporter can
21 make a record, and you really have to say your
22 name every time you are going to say something.
23 So with that, let me kick off the questioning a

1 little bit.

2 The addition of Hilton to your team of
3 course has come about rather late, and we view
4 Hilton, as we have in previous instances with
5 other people, as actually the financing agent for
6 this project. We are still looking to SES and
7 Boomtown as the applicants. And we understand
8 that Hilton would, if you obtained a license, it
9 could be the finding of this commission to change
10 their position from a financing agent to an
11 ownership position of some amount.

12 The main thrust of my question is: We
13 have received a letter of intent, which I think
14 you prepared, Governor, and was signed by the
15 other people to be bound, I guess, and could
16 you -- I really haven't had time nor have the
17 other commissioners to really review this. If you
18 could just briefly tell us the nature of the
19 financing aspect of this transaction so that we
20 get a good feel for on day one, license granted,
21 Hilton, not in an ownership position but the
22 operations ready to commence, tell me how much you
23 have in equity and how much you have in debt and

1 what's the nature of the debt, the terms of the
2 debt, and so forth, so that we can get a feel
3 about what kind of commitment we have from Hilton
4 to finance this project and what kind of equity we
5 expect from the other participants.

6 MR. LIST: Bob List with Boomtown. The
7 financing that has been arranged is as follows:
8 First, there's a, with respect to the temporary
9 operation, think of that as a separate component
10 from the permanent site and its financing. As to
11 the temporary operation, it's all financed by
12 Boomtown and Hilton in its entirety. The vessel
13 is a subordinated component of financing that's
14 being sold to the venture by Hilton for \$24
15 million.

16 In addition, Hilton will put in \$13
17 million and Boomtown will put in four million, for
18 a total of \$41 million. Now, all of that money,
19 then, is subordinated to and becomes an investment
20 with respect to the senior note, which is in the
21 amount of \$95 million, and that is the outside
22 third-party financing to be provided under a
23 syndicate assembled by First Interstate Bank of

1 California.

2 In addition to the ninety-five million
3 to finance the permanent facility, each of Hilton
4 and Boomtown put in an additional nineteen million
5 which cannot be ever taken out as any repayment of
6 debt to either of those companies until the senior
7 note is paid off. So both of those investments
8 become, in effect, equity. So the permanent
9 facility costs approximately a hundred and
10 thirty-three million. There's a total of a
11 hundred and fifty-eight in project costs, although
12 we have a margin contingency on top of that. The
13 total financing actually adds up to \$174 million.
14 The outside financing is simply ninety-five
15 million, which, if my rough arithmetic serves me
16 well, is almost a one-to-one debt to equity.

17 MR. KLINEMAN: We don't have any real
18 equity? We have just kind of subordinated? Is
19 that what we are going to end up with,
20 subordinated to subordinated?

21 MR. SUNDWICK: The banks view it as
22 equity because it is totally subordinated to them
23 and, in effect, it's the investment that makes it

1 possible and, of course, it could not be taken out
2 ahead of the bank's.

3 MR. PARROTT: Mr. Chairman, I'm Tim
4 Parrott. We set up this structure with
5 subordinated loans, which we view as equity.
6 These are loans from both Boomtown and Hilton,
7 really loans from our parent companies to this
8 project. Many projects, the others we have, are
9 also set up for accounting purposes to have those
10 treated as subordinated loans. We certainly don't
11 expect, and we would be happy to have Hilton
12 answer on their behalf, that we are going to call
13 our own loan. As a matter of fact, the covenants
14 that we have set up with the bank call for the
15 bank to be paid back in its entirety for its loan
16 prior to us pulling any of our money out. The way
17 we really view this is that we have a project with
18 slightly over 50 percent third-party bank
19 financing, and the balance is contributed by the
20 individual parties involved or the entities.

21 MR. KLINEMAN: I understood the
22 explanation the first time it was made and it's
23 the same explanation. You have no, what,

1 something we could call equity, pure equity,
2 subordinated because its equity to every debt
3 within the company no matter what. There is none
4 of that in this deal; right?

5 MR. PARROTT: Not in the past years,
6 right. No, sir.

7 MR. KLINEMAN: Well, isn't that usually
8 what people really called equity?

9 MR. PARROTT: Well, I wish things stayed
10 that simple. We've seen over the years that we
11 can call this, we would look at this as equity
12 with a deferred return but certainly I don't mean
13 to --

14 MR. KLINEMAN: That's all right. I just
15 wanted to understand. And the commitment that's
16 been made by Hilton is not contingent upon them
17 getting any kind of ownership position; is that
18 correct?

19 MR. PARROTT: That's correct. I don't
20 know if maybe Mr. Avansino should stand up and
21 confirm that, but that is the agreement.

22 MR. KLINEMAN: And since we are dealing
23 with debt, I guess we should know the terms of

1 your debt too. I think there was some indication
2 that the senior bank debt is a five-year note.

3 MR. AVANSINO: Yes, Mr. Chairman. I'm
4 Skip Avansino from Hilton. Yes, our credit
5 facility, the senior credit facility which we have
6 arranged through First Interstate Bank of
7 California and Charlie Reed and their senior vice
8 president is here today, is an unconditional
9 commitment for \$95 million. If we drew that down
10 today the rate would be seven to seven and a
11 quarter percent. It's a five-year term commencing
12 after completion of the permanent project, and our
13 commitment to the project is unconditional and is
14 not contingent upon our licensing.

15 MR. KLINEMAN: And when you say you have
16 arranged, you have lent your credit to this
17 undertaking with the bank?

18 MR. AVANSINO: Yes, sir, we have. We
19 are at substantial risk, yes, sir.

20 MR. KLINEMAN: And it is an amortizing,
21 fully amortizing five-year loan?

22 MR. AVANSINO: Yes, it is. It's
23 amortized over five years, and we will be required

1 by the bank facility to make certain payments in
2 the first few years as well, and Hilton has an
3 obligation to make well any potential defaults in
4 that --

5 MR. KLINEMAN: See, we really don't have
6 those figures. We haven't pro formaed those out
7 with payments wholly amortizing over five years
8 commencing after the operation. We have no idea
9 what the effect financially is on the project.

10 MR. AVANSINO: No payments, sir, are due
11 on this facility until after completion of the
12 permanent project.

13 MR. KLINEMAN: Oh, I thought you
14 said there was some --

15 MR. AVANSINO: No. During the first two
16 years of operation after commencement of the
17 permanent facility, the permanent Boomtown Landing
18 project, we will pre-pay, in addition to the
19 regularly scheduled payments, additional payments
20 on principal during the first two years after
21 completion of the permanent project.

22 MR. KLINEMAN: In other words, you're
23 front end loaning.

1 MR. AVANSINO: We are. We are happy to
2 do that from our own capital.

3 MR. LIST: Mr. Chairman, if I may, Bob
4 List again from Boomtown. The application that we
5 submitted has a pro forma straight line
6 amortization schedule over a five-year period of
7 essentially the same amount of money at a 13
8 percent rate. So at this improved rate, it
9 actually hinges out much better.

10 MR. KLINEMAN: Good. And the
11 subordinated, I'll start with the equity debt
12 concept. I understand that the payments are
13 subordinated to the senior debt. Is there any
14 leeway in the sense that payments could be made on
15 this subordinated equity before the senior debt is
16 paid?

17 MR. AVANSINO: Absolutely not, sir.
18 Everything in this project is subordinated to
19 First Interstate Bank.

20 MR. KLINEMAN: To the last penny to
21 First Interstate?

22 MR. AVANSINO: That's correct. And Mr.
23 Hilton and I do, in fact, consider it as equity

1 with a preferential return during this period of
2 time, but we are pleased to say that we do that
3 with many of our projects and we are, in fact,
4 subordinate with First Interstate's loan.

5 MR. KLINEMAN: I guess I am just not
6 sophisticated enough.

7 MR. AVANSINO: Oh, I wouldn't say that
8 at all, sir. I'm still trying to understand it
9 myself.

10 MR. THAR: On that same line, with
11 regard to the financing, there was a statement
12 during the presentation concerning Hilton being a
13 consultant as well as lending their name to the
14 hotel and the project. What type of fees, if any,
15 is Hilton to get for that?

16 MR. AVANSINO: The arrangement that we
17 have made with our partners, SES and Boomtown, is
18 that as the, for the licensing of our trademark
19 and brand name, we will receive \$375,000 per
20 month. For the consulting arrangement that we
21 have made with our experience in gaming and
22 hotels, which brings with it our experience with
23 hotel reservation system and our H-Honors as well,

1 with both the licensing and consulting, we will
2 receive \$325,000 per month. If we are licensed by
3 this commission at a subsequent date, then those
4 payments would cease.

5 MR. KLINEMAN: Okay. And has that been
6 pro formaed to us?

7 MR. AVANSINO: No, it has not, sir. We
8 can provide whatever information you would think
9 appropriate in that regard, however

10 MR. SUNDWICK: If, in fact, in the
11 future this commission sees fit to allow Hilton a
12 25 percent or to have 25 percent ownership, how
13 does that, somebody, anybody, maybe somebody else
14 can answer it, what does that do to the current
15 ownership? How is that going to be structured?

16 MR. AVANSINO: We would structure the
17 ownership after that fact, would be SES would own
18 50 percent of the equity, Boomtown would own 25
19 percent of the equity, and Hilton would own 25
20 percent of the equity. That's if the commission
21 considers it appropriate to license Hilton

22 MR. LIST: Thank you.

23 MR. AVANSINO: Thank you, sir.

1 MR. KLINEMAN: The Hilton management
2 arrangement is in place in whatever Boomtown is
3 going to do in regards to management operation?

4 MR. LIST: The intention is to create a
5 management company if and when Hilton receives a
6 license. In the interim, until that time,
7 Boomtown has the full responsibility for
8 management. Following the creation of a Hilton
9 license, if that's issued, they become co-managers
10 with Boomtown and we jointly manage the project.

11 MR. THAR: What's the fee?

12 MR. LIST: The fee stays the same as it
13 is in the application, which is 10 percent of the
14 EBITDA goes to the management company, so
15 initially that goes straight to Boomtown. Should
16 Hilton become licensed, then it's split 50/50
17 between Boomtown and Hilton.

18 MR. PARROTT: Tim Parrott again. One
19 other comment. We have already in place before
20 the commission an agreement for a management
21 company that was to manage the property on behalf
22 of the partnership and Boomtown and SES. So that
23 management agreement really is what we start out

1 with, and it becomes superseded by a joint
2 management program with the same fees if Hilton is
3 subsequently licensed. We're sorry this book is a
4 little big, but we wanted to give you the whole
5 view.

6 MR. VOWELS: As I suggested earlier, I
7 may make a hat and a belt out of it.

8 (Laughter.)

9 MR. PARROTT: I think you could make a
10 suit out of it too.

11 MR. LIST: Mr. Chairman, I think you
12 also asked if, or perhaps Mr. Sundwick, asked if
13 the fees, if the consulting fees and the licensing
14 fees has been pro formaed. They have not, but
15 actually Boomtown, the arrangement is that
16 Boomtown will pay those fees out of our 10 percent
17 management fee, so that it really does not impact
18 the viability or strength of the project at all.
19 It strictly comes out of our management side of it

20 MR. SUNDWICK: And some information that
21 we have, and I just want to clarify this kind of
22 for the record so everybody knows. It says that
23 you are committed to a financial arrangement and a

1 commitment to --

2 MR. LIST: We are committed to hire
3 first in Dearborn County and --

4 MR. LIST: No. I'm talking about a
5 commitment to Ohio and Switzerland County of a
6 dollar to Switzerland County and Ohio County if
7 they don't have boats.

8 MR. LIST: That was a part of our two
9 boat proposal.

10 MR. SUNDWICK: I get confused so I
11 figured I better ask. So then is it 50 cents for
12 one boat?

13 MR. LIST: I appreciate the chance to
14 clear it up. If there's one boat, there is no
15 revenue sharing in Ohio and Switzerland counties.
16 The project we felt simply could not afford to
17 make that kind of a commitment and we never have
18 as a one boat scenario. As a two boat scenario we
19 would have shared money with those downstream
20 counties. As a one boat scenario, we share it
21 strictly with Dearborn County and with Aurora
22 during the first year, the City of Aurora. One
23 dollar per passenger to Aurora and one dollar on a

1 continuing basis forever and over goes to Dearborn
2 County. Those are the two revenue grants.

3 MS. BOCHNOWSKI: Okay. Now, that, that
4 one dollar that goes to Dearborn County forever
5 and ever, that's on top of what they would
6 normally get?

7 MR. LIST: Yes. They normally would,
8 under state law would get one dollar, and we've
9 supplemented that, essentially doubled it.

10 MS. BOCHNOWSKI: So it would be \$2.

11 MR. LIST: That's correct. So in the
12 first year, for example, for the first year of the
13 full operation of the permanent facility where we
14 are projecting at least three and a half million
15 visitors, our dollar and the other dollar add up
16 to some \$7 million.

17 MS. BOCHNOWSKI: Yeah. This is, this is
18 real interesting. You're the first company, I
19 guess, that's really talked about the County.
20 Well, we've had a little bit of that but really in
21 this kind of way talked about the County. My
22 concern now is, though, how do you work with the
23 City? You didn't apply through the City. You

1 seemed to have made a great deal of effort to
2 curry the favor of the County. And I understand
3 I'm not from that area. I'm getting a real sense
4 of conflict between these different communities,
5 and we would like to see you work with the City as
6 well.

7 MR. LIST: We do recognize, of course,
8 that the City is the host political subdivision
9 and they, of course, will first and foremost
10 receive their state taxes, and that's estimated to
11 be about \$11 million a year.

12 And I might take this moment to comment
13 on why it is we didn't go through that City
14 endorsement process. We talked of our other
15 endorsements but let me take just a moment to
16 mention that. At the time that the City commenced
17 their RFP process, the time for amending state
18 applications had not yet expired. We had in our
19 application at that time this two boat scenario,
20 which we considered to be a confidential and a
21 proprietary advantage over all of our competing
22 applicants. We knew that if we filed with the
23 City we would have to disclose that and we would

1 then be subjected to a possible copycat amendment
2 by one of the other applicants for two boats of
3 their own. That was the first reason that we just
4 simply didn't feel we could tip our hand just yet.

5 Secondly, in Dearborn County there was
6 no other city that invented a process like
7 Lawrenceburg did. The County didn't have an RFP
8 process and neither did Aurora, and we felt it was
9 unfair to them to go through a process in
10 Lawrenceburg which might somehow, if the
11 recommendation went against us, detrimentally
12 effect the other half of the project, which was
13 outside Lawrenceburg.

14 Thirdly, I should mention that the City
15 had previously gone through an RFP process, or
16 rather a contracting process, not an RFP, a
17 contracting process, and it selected Argosy as
18 their sole and exclusive endorsee. So, frankly,
19 we were concerned about whether we were going to
20 have a level playing field in that city RFP
21 process once it opened up.

22 As to the City itself, they, of course,
23 have the Lawrenceburg conservancy district sites

1 that most of the applicants proposed to locate on,
2 and we were concerned very candidly about a
3 conflict of interest. The City as a potential
4 landlord has a vested interest in seeing a
5 candidate endorsed at that location on the other
6 side of town, so we were a little concerned about
7 that.

8 We, we decided, then, that we would go
9 and talk with the City and tell them candidly we
10 weren't going to participate in the process. And
11 without telling them that we had the two boat
12 scenario, we gave them our reasons and explained
13 that if we were ultimately successful, we would
14 cooperate with them. And we will. We understand
15 the need to work with the local community.

16 MS. BOCHNOWSKI: Well, they have quite a
17 few projects that they consider very important and
18 you are promising money to these other
19 communities. Are you going to be able to do all
20 of this? There is, it sounds like there's quite a
21 bit of money involved in working with the City.

22 MR. LIST: The City, when you take out
23 the U.S. 50 component of it, as we penciled it out

1 it's still about twelve and a half million
2 dollars, which includes roads for sewer, waste
3 water treatment facility, and other incremental
4 improvements, which add up to about twelve and a
5 half million. We're not, we haven't yet seen all
6 the engineering proposals for the sewer plant. It
7 doesn't surprise us that there are going to be
8 some improvements necessary. We'll sit down with
9 and we'll have our engineers work on it and we, as
10 I said today, we're committed to a twelve and a
11 half million dollar contribution toward that
12 infrastructure.

13 MS. BOCHNOWSKI: That would be the
14 twelve and a half million dollars to the
15 infrastructure; that's not including these other
16 contributions to the other communities?

17 MR. LIST: Yes, ma'am. That's correct.

18 MR. THAR: On that one point though,
19 before, you were talking about the sewer treatment
20 plant that Lawrenceburg is big on. Isn't
21 Lawrenceburg's proposal to put it on your site?

22 MR. LIST: The City has a piece of
23 property under option adjacent to our site and

1 they at one time did have a plan to put a plant
2 there. The current plant is operated actually not
3 by the City but by a district, of which
4 Lawrenceburg is one of the members, the other
5 members are Greendale, Aurora, and Seagrams and
6 the County, I believe. Not the County, I'm
7 informed. Aurora is a member. So we have, we are
8 prepared to work with them to find a location, if
9 necessary, and to assist them if the decision is
10 made for the City itself to construct a plant.

11 MR. THAR: May I follow up on that one?
12 This was not in our original proposal. When did
13 you come up with this?

14 MR. LIST: The original proposal, we
15 have in our budget a self-contained package plant
16 that we would put on our own property at a cost of
17 \$2 million. So actually a part of our own budget
18 can be diverted toward a plant in the event it
19 becomes necessary.

20 MS. BOCHNOWSKI: How much would the
21 plant they are talking about cost now? Do we have
22 that information?

23 MR. LIST: It's probably something the

1 City can better address. Gene may have a --

2 MS. BOCHNOWSKI: Well, we'll talk to
3 them tomorrow.

4 MR. STUNKEL: The sewer plant as
5 proposed is approximately ten and a half million
6 dollars, I believe. The, as you recall, the
7 church property, which was the Methodist church
8 property, is adjacent on the entrance as you went
9 back to our site, it is on the left hand side, and
10 part of that property over there has been
11 optioned, or maybe all of that property, has been
12 optioned by the City to make room for this sewer
13 plant. There's still ample room over there to put
14 a sewer plant there and not interfere with our
15 project whatsoever.

16 Getting back to the other issue. I've
17 been in the development business for twenty-five
18 years, as I've stated before, and I've worked with
19 many cities, many mayors, and I don't consider
20 Mayor Combs a bad person. Every time I put my
21 hand out to him he's shaking my hand. We've had
22 many conversation, Bob and I have sat down with he
23 and the council members, and have had some good

1 conversations with them. I see no reason why we
2 can't sit down with them now, after we have been
3 awarded a license, if we would be so fortunate,
4 sit down with them and work out a comprehensive
5 plan for the construction of this project.

6 And as we have said from day one, we
7 want to be a part and pay for those things that
8 are infrastructure problems for the City and the
9 County. And if we cause some of those problems,
10 we are going to be there with both feet putting
11 money at them. So we know that we have an
12 entrance to work on and we, as you've addressed
13 the 275 entrance the other day, we have some
14 things that we have to cooperate with. What we
15 have said today is that we are willing to go ahead
16 and pay our portion of that sewer project as it
17 was defined in the agreements that they have made
18 with some of the other applicants, and I think it
19 was ten and a half million, \$10.4 million, there
20 was a couple of million dollars in it for
21 emergency equipment and some other things that we
22 have agreed to assist with as well.

23 MS. BOCHNOWSKI: So basically you would

1 live up to the same kind of agreement as the other
2 companies?

3 MR. STUNKEL: Yes. Yes in that we have
4 committed the twelve and a half million dollars
5 for the improvements. We think that there's some
6 economics in that and that as we negotiate with
7 the City we want to find the best deal for the
8 City and for ourselves, of course

9 MR. SUNDWICK: Lawrenceburg is certainly
10 going to, as far as traffic, you know, and I
11 really commend you on this county program. I
12 mean, I think it's great. I'm sure my
13 counterparts do too.

14 MR. STUNKEL: Thank you, very much

15 MR. SUNDWICK: I really believe that
16 Lawrenceburg is going to be impacted more than
17 anybody else. I mean, I drive through that
18 community on the way to the airport and everything
19 is going to go through their community and they
20 are going to get more, more of a problem for
21 Lawrenceburg than anybody, you know. And I'm
22 certainly interested that they get their fair
23 share of, you know, they are going to get more

1 than their fair share or they ought to get at
2 least that much out of the revenues. So keep in
3 mind when we talk about Lawrenceburg it sometimes
4 sounds sometimes like it's Lawrenceburg against
5 the County, and I think they did come up with a
6 plan, I haven't seen or heard it yet, but I think
7 it's important that everybody recognize the fact
8 that they are going to be really impacted by the
9 traffic, and if there's another boat that happens
10 to go down river from there they will also be
11 doubly impacted. Not, maybe, to the extent that
12 Aurora would be, but certainly impacted.

13 MR. STUNKEL: Well, we share your same
14 concerns.

15 MR. KLINEMAN: Before we go much
16 further, I think I am going to take you up on your
17 offer to give us new pro formas based upon the
18 financing which is now supposed to be put in place
19 with the management fees that are supposed to be
20 put in place. I assume that would be pushing a
21 few numbers into a computer and give us a
22 five-year projection with the new numbers.

23 MR. LIST: We'll be happy to do that.

1 The numbers actually get better. We can have
2 those to you by Friday of this week.

3 MR. KLINEMAN: Friday of this week.
4 That's great.

5 MR. THAR: Sticking with the financing
6 aspect, if you don't mind. Hilton and Boomtown
7 are going to get 25 percent ownership interest if
8 Hilton is allowed to, and they are putting in all
9 the money. SES has a 50 percent ownership
10 interest, and I haven't heard what SES is doing
11 for that.

12 MR. STUNKEL: I thought you would ask
13 that question. I'm in the real estate business,
14 Mr. Thar, and as a real estate developer, I set
15 this project up as a real estate project in my own
16 mind, I guess. And over the last few years, when
17 money has been tight and it's been difficult to
18 raise funds on some of the projects, we have found
19 partners as financial partners.

20 In this particular case, I had sought
21 out the site, I had done a lot of due diligence in
22 this area, and I went to Bob List at Boomtown, who
23 was representing me, who had represented me as an

1 attorney for a law firm out of Reno and Las Vegas
2 in some of our ventures there, and I talked to him
3 about being interested in the project. We made a
4 deal between the two of us which allowed me to
5 develop the project and be paid a fee, and they
6 would manage the project and be paid a fee, and
7 the two of us would own it 50/50, and the
8 financing and the management responsibilities were
9 theirs and the development process was mine.

10 MR. THAR: So when you found a new
11 financial partner that had to come out of the
12 other 50, Boomtown's 50 percent?

13 MR. STUNKEL: That's correct.

14 MR. LIST: I might add, Mr. Thar, that
15 when Boomtown first looked at it, we saw it
16 similar to many real estate deals that are done
17 around the country and we, of course, ran an
18 extensive modeling and pro formas on it and it
19 penciled out very well for us. We also came back
20 and did an extensive due diligence on the various
21 sites in town, and we frankly felt that this site
22 would give us such an advantage, that there was a
23 much greater chance of winning. And, candidly,

1 had we come back and done this on our own without
2 the eyes of a qualified developer like Gene
3 Stunkel, we might very well have wound up
4 competing for a City site which, from the more
5 we've learned, the more we are convinced would
6 have been a serious mistake. So it's been a very,
7 very good partnership and we are very happy with
8 the split

9 MR. SUNDWICK: There's a couple of
10 issues, one I had asked earlier and we discussed
11 it a few minutes ago and you were going to call an
12 architect up or whoever. I had asked the
13 question, you know, as I look at the aesthetics of
14 the materials I see in front of me, certainly some
15 of the things that Walt Disney has done, and you
16 referred to Disney, your video didn't really, the
17 presentation of the project in the video was
18 certainly not representative of Disney caliber
19 that I saw. I mean, I saw some buildings with
20 different fronts on them, but I didn't see the
21 aesthetics here that I've seen at Disney or in Las
22 Vegas for that matter.

23 And I guess my question is:

1 Aesthetically is this going to look like Disney,
2 like the Mirage war fare that they put down in --
3 if anybody has been to Las Vegas they've watched,
4 I'm sure, the big boats shooting at each other and
5 sinking. So I guess that's my question. Is this
6 going to look like Disney or is it going to look
7 like what was portrayed in the film?

8 MR. PARROTT: I think it will certainly
9 look like what you are seeing in front of you. If
10 you had been to our casino in Las Vegas, It was
11 also designed by the same firm, JKA. It is very
12 real. Much of what you see at Disney and what
13 you've seen at Mirage and Treasure Island really
14 is using a bit of artistic licensing facade and
15 there's not a full building behind every facade
16 you see. But the quality in the field, which is
17 really what you are looking for, of being brought
18 into the scene of the time or circa 1820 is not
19 just something for renderings you see and would
20 really be what you would see at the time.

21 We have done this extensively. We would
22 be happy to invite someone from JKA to come up and
23 talk to you also. Gene has dealt with this

1 before. We have done it. We know what it costs.
2 This is not a first time out for the theme. And
3 much of what I mentioned about Disney is not only
4 the look but really following the story line to
5 create a building and not just having a
6 hodge-podge. And what that does for you is like a
7 movie, having a centerpiece of how everything
8 evolves so that there's continuity as you wander
9 from one part of town to another. Clearly to make
10 that work, a whole feeling of looking at the
11 buildings, et cetera, has to work all the way
12 through, even to the designs of the tables and the
13 napkins and everything. That is all part of the
14 story line so, yes, that is a commitment for the
15 project.

16 MR. THAR: Following up on his
17 statement, Mr. Sundwick's statement. As the movie
18 went on it presented various activities that would
19 occur. Are those potential activities or are
20 those commitments that they are going to be built
21 into the facility?

22 MR. PARROTT: The, basically what you
23 saw is what is planned for the project, from the

1 roller coaster to the store, types of stores, to
2 some of the themes. The key points that you saw
3 in the movie are really not just story lines but
4 are themes that are planned to be integrated and
5 have been into both the project and the budget.

6 MR. THAR: So, in other words, the
7 things that were described in the presentation are
8 things that if you get the certificate we can
9 expect to be incorporated into this project?

10 MR. PARROTT: Yes, it is. What we've
11 asked ourselves and made sure of before we came to
12 stand before you is that if we were to receive a
13 license, when you first walked into the building
14 you would expect and see and be thrilled with
15 seeing what you expected to see from the movie,
16 the renderings, and our discussion. So the answer
17 is yes.

18 MR. MILCAREK: Will there be no
19 admission charge for any of this?

20 MR. PARROTT: No, there is no admission
21 charge to go into the family entertainment center
22 or for the activities. You pay specifically to go
23 on the motion theater or to ride the carousel or

1 play miniature golf, but one of the benefits of
2 these type of things, and really there's a merging
3 of theme park and family entertainment center
4 concepts, but there's no charge to be there so
5 people can wander around. And typically what
6 happens is there is an all day card or an all day
7 band that people can buy and use on a number of
8 the rides, but no charge just to be there or walk
9 through.

10 MR. MILCAREK: How would you control the
11 local children, youths, from just, you know,
12 making that their headquarters from now on?

13 MR. PARROTT: We've had that problem,
14 which we view as an opportunity, in all the
15 locations we operate. The real question that many
16 have had is to control the gang element or some
17 issues like that. We have tremendous security.
18 There are many family entertainment centers, some
19 in Reno, that actually have to have metal
20 detectors at the entrances for all people to go
21 through. What really happens is between the very
22 high presence of security and really insistence on
23 not allowing gangs to show their colors, to wear

1 their caps in a certain way, to pick certain areas
2 that are their area. I can say with the abundance
3 of people we have, and Reno was our first and
4 biggest, we have never had a gang problem. Kids
5 are allowed to be there all the time. And if we
6 see children that are lost or left alone, it
7 really is like any other operation, like a mall,
8 they are cared for and in the case of a day-care
9 center brought back there. But that is not a
10 problem, and many do spend a lot of time there.

11 MR. MILCAREK: The day-care center, will
12 that be manned and patrons will be on the boat
13 gambling and the children will be in a day-care
14 center?

15 MR. PARROTT: I would say that one of
16 the things that we have seen from probably doing
17 as much and having historical retrospect on family
18 entertainment as anyone is that that isn't really
19 what happens many of the times. The families stay
20 together and the parents stay with the children.
21 And I would say in our Reno operation that we're
22 very happy with it and economically it is a great
23 success on its own. It has not brought the

1 incremental gaming revenue that initially we
2 thought. Families stay together, it's their time
3 together, and the parents are with the children
4 and they are not really in the casino. I would
5 expect there would be some of that, but I would
6 think that it would be much like it has been for
7 us elsewhere in that there are different trips.
8 That's a family trip and they are together, and
9 then another time maybe they come and gamble
10 separately. So that's not the majority of the
11 time.

12 MS. BOCHNOWSKI: Do you see that as
13 something that the employees can then use, the
14 day-care center?

15 MR. PARROTT: We've left it open as far
16 the day-care center being there for the employees.
17 To give the type of approach that we want, it is
18 expensive and, frankly, it's something that we
19 haven't put in yet. We've had a keen interest for
20 that in the four properties we have. I would say
21 personally it's something that I would like to be
22 able to add, but I couldn't say.

23 MS. BOCHNOWSKI: I can tell you if I

1 went with my children I wouldn't leave my children
2 while I went off on a boat.

3 MR. PARROTT: Well, and that's normal
4 and frankly refreshing. Nobody spends enough time
5 with their kids, and we thought they would
6 separate but they stay together. And I will tell
7 you also, since you've been to some of these with
8 your children, they will spend just as much money
9 playing arcade games, and you can put more money
10 in a Terminator II game than you can put in a slot
11 machine, I think, for us adults.

12 MS. BOCHNOWSKI: I can relate to that.

13 MR. LIST: Bob List. Let me add one
14 other component of it. As to the strict day care
15 portion, whether it's for employees or children of
16 employees or guests, it, of course, would be
17 licensed and run by professionals.

18 MR. SUNDWICK: How many, and I may have
19 missed this, in the hotel facilities, how many
20 rooms are you going to have?

21 MR. PARROTT: The plan we have before
22 you is for a 150 room hotel. Mr. Hilton's comment
23 was that that wasn't big enough, but that, that is

1 the plan.

2 MR. SUNDWICK: We've been through that a
3 couple of times.

4 MR. PARROTT: We understand. I think
5 that one of the important things that we've looked
6 at in the beginning, and the property does allow
7 to do more, but this really is a destination and
8 we have seen, as I mentioned, we only have 120
9 rooms at our facility in Reno, but we draw from,
10 we draw from Sacramento and we draw from distances
11 where people are really making long day trips to
12 have the entertainment experience. And so we view
13 this as a destination, and when you look at the
14 volume of people we would expect a project like
15 this would bring in, a 150 rooms or 300 rooms,
16 when you look at total rooms per year, you can see
17 as a percentage the total volume of traffic
18 through the complex is a small percentage. It's
19 one more complimentary feature, but it is not the
20 total magnet. We believe the total magnet is the
21 whole concept and approach.

22 MR. SUNDWICK: And I don't disagree. I
23 think I would probably have to, and you would too

1 to some extent, defer to Mr. Hilton when he says
2 you don't have enough room. I mean he runs
3 casinos, he runs major hotels. With eleven
4 million people, a 150 rooms doesn't seem like
5 enough.

6 MR. PARROTT: That was his first comment
7 at the site. Isn't that correct, Barron?

8 MR. HILTON: This 150 room hotel we're
9 talking about is going to be designed in such a
10 manner that we can add as we see the demand occur,
11 and that's the most sensible way to approach this.
12 And, so, when we build this first 150 rooms, the
13 facility will be designed in such a manner that we
14 can add increments at a later date and eventually
15 take it up to maybe 600 or 750 rooms, but that
16 would be the plan.

17 MR. VOWELS: Did this original design
18 have to be altered to take into consideration
19 what's proposed?

20 MR. HILTON: No. Do I understand, Tim,
21 that it's designed in this fashion right now?

22 MR. PARROTT: That's correct.

23 MR. SUNDWICK: In the experience of your

1 company, and maybe there's somebody, maybe this
2 other gentlemen, it would seem to me that with
3 that many people, I guess one of the people from
4 Lawrenceburg said to me: "If there's three hundred
5 extra rooms in Dearborn County, I don't know where
6 they are", and I happen to subscribe to that. I
7 don't know where anybody would stay in Dearborn
8 County that I know of. So, you know, you will be
9 the only game in town with 150 rooms. It seems to
10 me, you know, just with the amount of people that
11 would show up, it wouldn't be enough.

12 MR. KLINEMAN: I would think with your
13 name on it and being the closest riverboat from
14 Evansville you would probably draw a lot of
15 people.

16 MR. HILTON: I was very disappointed
17 when I heard that that's all that was planned,
18 because I think considering the number of people
19 who are going to be in this area, and the fact
20 that we intend to make it a resort destination
21 area, we are thinking in terms of golf courses and
22 I happen to like to shoot trap and skeet and
23 sporting clays, and we are thinking about creating

1 a lot of exciting types of activities for people
2 to come there, and if that takes off, then we
3 could be talking about 1500 rooms in the future,
4 and I hope that we get to that kind of a
5 situation.

6 When I first went into Las Vegas back in
7 1970, I acquired the International Leader
8 Corporation, which operated two hotels, one was
9 the International and the other was the Flamingo.
10 At that time the Flamingo hotel had 750 rooms. As
11 of this moments it's got 4,020. The Las Vegas
12 Hilton was 1500 rooms and at this moment we're
13 3,120 rooms with that property. And that was done
14 in various stages over a period of those years
15 between 1969 and now.

16 So we try to design these properties
17 today where we can enlarge them. And given the
18 excitement of this project, I'm thoroughly
19 convinced that we are going to have a major
20 destination resort-type facility and certainly 150
21 rooms is not going to come anywhere near
22 accomplishing that.

23 MR. SUNDWICK: Well, I'm one of our

1 Honor Club members, and I just want to make sure
2 there's a room down there when I show up.

3 (Laughter.)

4 MR. KLINEMAN: He wants some extra
5 points for having said that.

6 MR. PARROTT: One comment. We recognize
7 and appreciate that there is no opportunity to
8 amend an application, which is why everything has
9 been set at 150 rooms. We will point out that
10 there is approximately \$20 million of additional
11 funding we put in our financing over and above the
12 project costs of what we have to look at other
13 things that we might want to go with.

14 MR. VOWELS: There was an article in the
15 "Indianapolis Star" on February 24th, 1995, that
16 stated that the hotel would be built in a flood
17 plain. Can you respond to that?

18 MR. LIST: I'm not familiar with that
19 particular article, but as I had indicated during
20 the presentation, we've done two things relative
21 to the permitting concern that lies in the fact
22 that under state law no abode or, such as a hotel,
23 can be built in a flood plain. This particular

1 location, as I'm sure you are aware, is raised
2 above the original ground level in that area
3 substantially, and that's why it sort of stands
4 out above the water when the water comes up.
5 Nevertheless, it doesn't mean it couldn't be in a
6 flood plain.

7 So we went in and examined it. We did,
8 we did the necessary modeling and the studies, and
9 we sought both a waiver from the requirement and a
10 finding that it was not in a flood plain. And we
11 have done both of those, and we understand that
12 we've now qualified. It's no longer considered to
13 be in a flood plain. And if I've incorrectly
14 stated that in any way, I would ask Gene or Steve
15 Smith, our permitting expert, to correct me. So
16 we can build it there under present existing law.

17 MR. THAR: That's not my understanding.
18 It's my understanding the Department of Natural
19 Resources has tabled that issue pending whether or
20 not you or somebody else who may have an
21 application in that area was to get the
22 certificate of suitability and it was found, then
23 they would take the issue up with a certain amount

1 of expedited --

2 MR. SMITH: That's correct. The request
3 for a waiver has been tabled pending the outcome
4 of the hearings. During the period of time
5 following that, we had questions whether it was
6 truly in a flood plain. When the state record
7 computations were done, and they are based on the
8 Corps of Engineering's information, we have gone
9 back since then and done the calculations and the
10 modeling necessary; and once we are granted the
11 license, we will immediately go to the Corps of
12 Engineers first and then the State of Indiana to
13 get it removed from the flood plain maps. And
14 that's a very short process because all of the
15 computer modeling has been done according to the
16 Corps standards. So the work has been done; the
17 walking in with a letter requesting the fact that
18 it not be considered a flood plain any more is a
19 matter of just a day to go do that.

20 MR. THAR: Well, what does that mean?
21 Does that mean that you've now done another study
22 and you found out that land you thought was in the
23 flood plain was not in the flood plain?

MR. SMITH: Yes, sir, exactly. The Corps of Engineers gross maps are based on the entire Ohio River basin and very general types of details. Any person who wants to have their property removed from that map must take the time and a considerable amount of money to detail model that particular site, the affect of Tanner's Creek and the affect of the Ohio River and the affect of your project, and you have to put all the features on that you are going to do, and that, as you might expect, is very a complicated computerized process.

We have already done that. What we did not want to do, and you've heard a little bit about this with the pretty tough competition we are going through, we've already gone through that process because it would benefit some of our competition to not have to have that problem. But if we are granted a license, since you are going to know on Friday, Monday or Tuesday we will be to the State with the required information to prove that this is not in a flood plain.

And in the alternative, we could go back

1 to the Natural Resources Commission and seek a
2 waiver. Just about every applicant that I'm aware
3 of has the exact same problem, that is, a problem
4 in this area. So everybody is going to have to do
5 that. We are the ones furthest along in that
6 process.

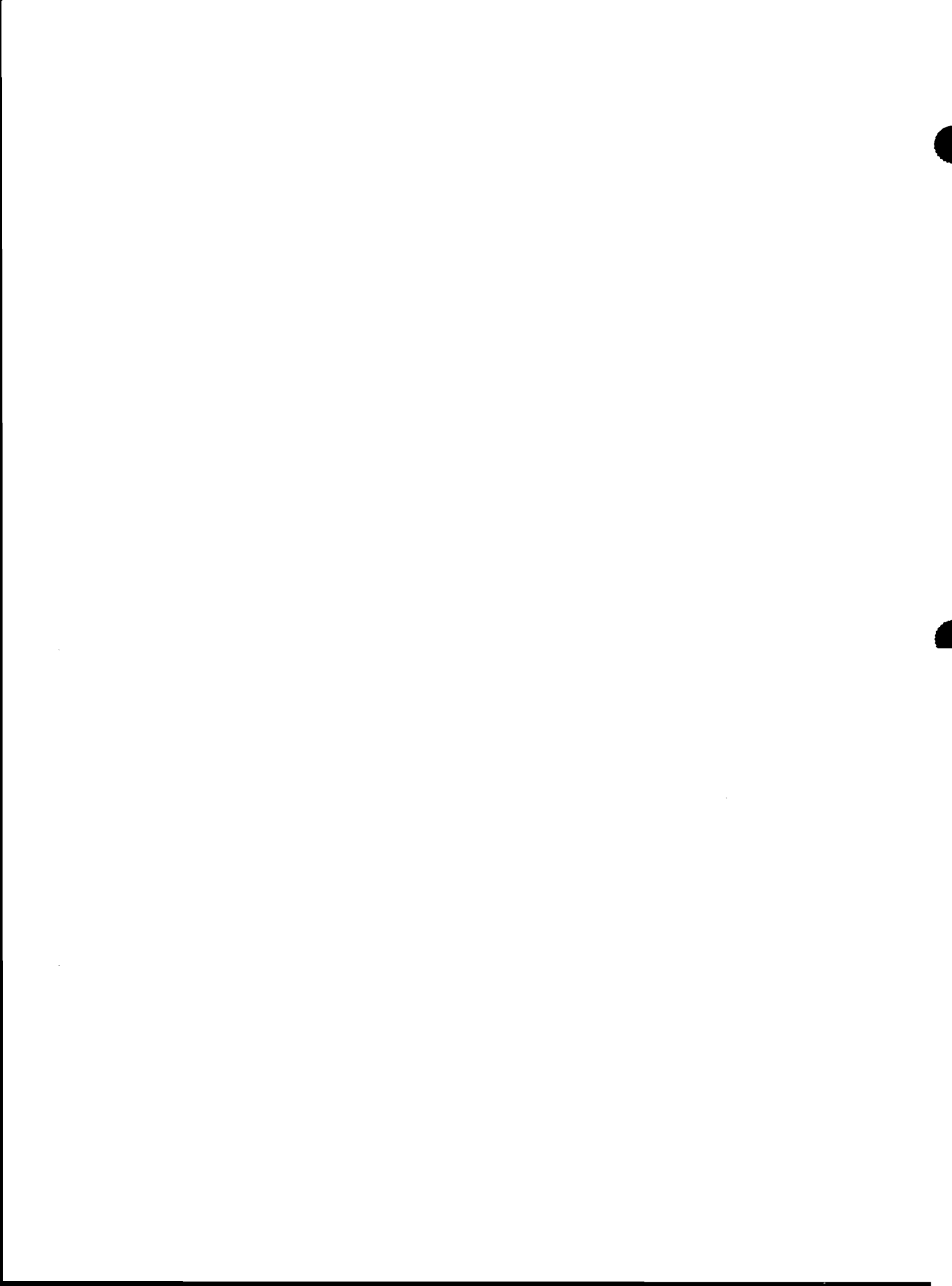
7 MR. THAR: They could disagree with your
8 assessment that your property is not in a flood
9 plain?

10 MR. SMITH: On the modeling, yes they
11 could. Too many years with the Corps am I ever
12 going to stay what they are going to do. The
13 experts in the business are the Corps of
14 Engineers. We have discussed it with them. We've
15 used their computer model to do their work. So to
16 say could they disagree? Sure they could. Do we
17 think they are going to disagree? Not at all.
18 It's a matter of doing the work in the proper way
19 using their models and we have done that.

20 MR. VOWELS: Do you do anything
21 physically?

22 MR. SMITH: Excuse me?

23 MR. VOWELS: Do you do anything



1 physically to change this or is this just a matter
2 of convincing them that it's not fact?

3 MR. SMITH: We don't need to
4 technically. It is above the hundred year flood.
5 When we build this hotel, it will be above the
6 hundred year flood with 17 feet of fill. That's
7 what everybody will be doing anyway.

8 MR. VOWELS: So you will be doing some
9 filling?

10 MR. SMITH: Oh, this site gets extensive
11 fill. That doesn't affect the policy. The policy
12 is there regardless, that's why we have to go
13 through this exercise. The policy says we don't
14 care how much fill you place, it's still in a
15 flood plain. That's the Department of Natural
16 Resources policy.

17 MR. VOWELS: And then you have to show
18 them that it's either not in a flood plain or
19 you're going to rectify the situation?

20 MR. SMITH: It's either not in the flood
21 plain or you get a waiver. There is no
22 rectifications. It's a tough standard. So
23 everybody has to do that.

1 MR. VOWELS: Okay. In the "Indianapolis
2 Star" article, which I don't know if you read it
3 or not, some of the environmentalists claim that
4 Mississippi flooding was caused by what they term
5 environmental tampering, including shore line
6 development and dam and levee construction. What
7 would be your response to that?

8 MR. SMITH: On our project that's not,
9 I've been in the business a long time, and, yes,
10 there's a lot to be said about all the development
11 and the levees and everything along the rivers.
12 In this project, our study shows that with the
13 project in place we raise the flood levels .14
14 feet, that's all, a little over a tenth of a foot.
15 One big plus we have is the marina. But we've
16 already done all that work and we have sent that
17 to the Department of Natural Resources and we've
18 solved that issue. We have already proved that we
19 satisfy all state requirements. As to the overall
20 question of what happens, you know, I can't answer
21 that. In terms of what we've done, the amount of
22 fill we are placing on the property is well within
23 the state guidelines and the federal guidelines.

1 MR. VOWELS: Okay.

2 MS. BOCHNOWSKI: To follow up on that a
3 little bit. Now, you indicated that you had a
4 minimal amount of wetlands on your property.

5 MR. SMITH: Yes, ma'am; yes, ma'am.
6 Less than 1 acre.

7 MS. BOCHNOWSKI: Okay. Even though
8 those are, technically you have less than 1 acre
9 of wetlands, I notice that you've got, in your
10 plan you've got the, the parking is all spread
11 out. And have you ever considered doing a high
12 rise-type structure, some kind of structure rather
13 than having, paving all that area along the river
14 there?

15 MR. SMITH: What we were concerned with
16 and what the Department of Natural Resources was
17 concerned with, this is, there's no trees. This
18 is a farm field.

19 MS. BOCHNOWSKI: I've been there.

20 MR. SMITH: Okay. With the amount of
21 trees and habitat we are using along the banks,
22 they suggested a mitigation plan. We worked with
23 them to develop the plan. It has been accepted.

1 You see some trees on the picture on the left,
2 that area as to whether it's that area or the area
3 surrounding the marina, these are things that we
4 discussed with them. We will have a 5 acre, a
5 minimum of 5 acre plan that have been fully
6 accepted by the State of Indiana.

7 MS. BOCHNOWSKI: So the mitigation in
8 this case is not like the mitigation in the
9 (inaudible). The mitigation here is mainly
10 planting trees and creating habitat, wetlands
11 habitat, so you will have to be digging wetlands?

12 MR. SMITH: No, no. It's not wetlands
13 habitat; it's wildlife habitat.

14 MS. BOCHNOWSKI: Oh, okay. I didn't
15 hear that. So this is mainly planting trees?

16 MR. SMITH: Yes. It's less than an
17 acre. It's really far less than an acre. It's
18 about a quarter of an acre or a half an acre.

19 MS. BOCHNOWSKI: Okay. Go ahead.

20 MR. STUNKEL: Let me say as, Steve said,
21 we are elevating this property by putting in fill.
22 The water will be over U.S. 50 before it reaches
23 the floor of our project, so that can give you

1 some idea of how far we are elevating this piece
2 of property. We have a number of options as far
3 as parking. We have 150 acres. We have acreage
4 on the north side of the tracks adjoining the
5 Methodist church property, so we have a number of
6 areas where we can change the parking.

7 It's like building a shopping center,
8 everybody wants to be as close to the front door
9 as they can get. So that's our first choice, but
10 there are other alternatives. We may park some
11 across in there, we may put some RVs and the
12 larger vehicles over across on the other side of
13 the tracks and shuttle them back and forth if we
14 have to. But I wanted to make sure that you
15 understood that this was going to be elevated to
16 such a degree that that's really not going to be a
17 problem for us.

18 MS. BOCHNOWSKI: Okay. Another concern
19 that we've heard are the archeological,
20 significant archeological findings that you might
21 have to deal with. Have you done anything about
22 that?

23 MR. STUNKEL: We've spent a lot of

1 money. We've got a hundred and thirty-four holes
2 dug already, and I can let Steve tell you the rest
3 of it.

4 MR. SMITH: One of the things about
5 working with Boomtown, a commitment was made very
6 early on to get it done. And as you've heard from
7 other people, they've done a lot of what's called
8 Phase I and Phase II, one applicant has more to
9 do, some haven't really done that although they
10 have done preliminary reviews. We have worked
11 with the State, the Department of Natural
12 Resources, we have totally done the entire site,
13 both this site and the temporary site just to make
14 sure. We have filed those reports with the State.
15 The reports have been accepted, accepted and
16 approved, the findings were approved. Those
17 locations where we do have some findings, we are
18 modifying the project, and it's a matter of just
19 moving features a few feet and that type of thing.
20 We have a total plan for mitigation --

21 MS. BOCHNOWSKI: Would you explain to me
22 how you mitigate for archeology?

23 MR. SMITH: The doctor the other day

1 said it much better than a lawyer is going to say
2 it. You actually go into a hole, if you've seen
3 TV it's like a dig, you photograph the piece of
4 material in place, you take it out and photograph
5 it some more, examine it, write a paper on it.
6 These reports are huge. They take a long time to
7 do. When people say they can get it done very
8 quickly, it's taken us nine to twelve months to
9 get it done. The actual work to finish what we
10 started will take 30 days in the field. That plan
11 has been reviewed by the State. I know the letter
12 is on my desk. I don't know what it says exactly,
13 but I think the plan has been approved.

14 MS. BOCHNOWSKI: Now, did you say, then,
15 that you take it out and then you put it somewhere
16 else?

17 MR. SMITH: The Glen Black Laboratory
18 has a very large facility and that's what they do.
19 That's why we selected them. They maintain the
20 material. I'm not sure they keep everything they
21 catalog, but they take care of that process.

22 MS. BOCHNOWSKI: I see.

23 MR. SMITH: But we are done with all of

1 that. We are ready to go to the mitigation plan.
2 The minute we get clear and receive your approval,
3 we start work on the mitigation aspect of the
4 project.

5 MS. BOCHNOWSKI: Okay. So mitigation in
6 that aspect is making sure that it's properly
7 cataloged and stored?

8 MR. SMITH: Yes, ma'am.

9 MR. MILCAREK: Getting back to fill.
10 How many acres do you intend to raise 17 feet out
11 of the hundred and fifty?

12 MR. STUNKEL: Actually, it's just the
13 building site. We will slope the parking lot
14 approximately 5 feet, if I'm not mistaken, to the
15 center, slope it both ways, to facility drainage
16 as well. But the elevation that we are primarily
17 concerned with is the building. It's pretty hard
18 to find financing anywhere if you are going to
19 build in a hundred year flood plain. So,
20 therefore, we wanted to make sure that we were out
21 of that flood plain. And, incidentally, as I
22 said, U.S. 50 is not. It lacks it by, I think, a
23 foot and a half or 2 feet at our entrance.

1 MR. MILCAREK: So the whole 150 acres
2 wouldn't be -- would the parking lots be raised at
3 all?

4 MR. STUNKEL: The parking lots will.
5 There has not been any water at that level since
6 1967, and it's going to be probably about 4- to 5
7 feet below the hundred year flood plain, the
8 parking lot.

9 MR. THAR: Is it going to be raised at
10 all?

11 MR. STUNKEL: It will be raised.

12 MR. THAR: How much.

13 MR. STUNKEL: Approximately 4- to 5
14 feet.

15 MR. MILCAREK: Would the golf course
16 have to be raised if you put a golf course on
17 there?

18 MR. STUNKEL: Well, I just found out
19 about that a few minutes ago. Mr. Hilton is
20 spending his money, I guess. We have talked about
21 an option on 160 acre tract that would be across
22 the street that would allow us to put that
23 facility across the street on the north side of

1 50.

2 MR. VOWELS: Have you done other real
3 estate development for Southern Indiana?

4 MR. STUNKEL: I've built, as Mr.
5 Klineman and I were talking earlier, I built an
6 Airway store in Louisville, Kentucky, in 1974. I
7 built an Airway store in --

8 MR. VOWELS: Have you done any around
9 Evansville?

10 MR. STUNKEL: I have not. Danville,
11 Illinois; New Castle, Indiana.

12 MR. VOWELS: That's fine. I just wanted
13 to have an idea if you built something there what
14 it looked like now, so that answers that question.

15 MR. SUNDWICK: When, you know, one of
16 the few other plans, you know, you look at the
17 City of Lawrenceburg, there's an opportunity for
18 the business people in Lawrenceburg to participate
19 in this in the fact that people would go downtown
20 and that businesses would be supported by this.
21 Do you have any plans or are there plans and I
22 just didn't hear them that people could get to
23 downtown Lawrenceburg?

1 MR. LIST: I think our first and
2 foremost consideration has been not to interfere
3 and detrimentally affect the character, the
4 quality, the culture, and history and historic
5 area of downtown Lawrenceburg. We, through the
6 providing of the infrastructure funds, hope that
7 they can get the kind of road and street
8 improvements that they need. And we, we have not
9 intended at this point, although we are open for
10 discussions with them, to provide a transportation
11 system. I think that, from what we've been able
12 to gather, most of the citizens do not want heavy
13 traffic down through that historic district. To
14 the extent that the community would like to have
15 that, we are open for discussion.

16 MR. SUNDWICK: It's certainly a
17 destination scheme, and I think you could use that
18 for the people interested. It would be certainly
19 worthwhile to your customers and the City.

20 MR. LIST: And that's correct, and we do
21 have a policy that requires that we buy locally to
22 the fullest extent locally. We are going to be
23 doing a lot of business with Lawrenceburg

1 ourselves.

2 MR. SUNDWICK: Going to your temporary
3 just for one second, temporary boat. You are
4 going to put, I think -- What did you say? How
5 many millions of dollars in that temporary
6 facility?

7 MR. LIST: It's a total cost, I believe,
8 of \$32 million, including the cost of the vessel.
9 Mr. Parrott had described that in his
10 presentation. We intend to put a structure there
11 similar to what we had in Louisiana, which is
12 called a sprung structure. It's a fully air
13 conditioned and heated facility that actually is a
14 temporary facility and then goes away following
15 the move off of the location. We have adequate
16 parking on site for all of the parking there as
17 well, and, of course, the offices will be located
18 there as well.

19 MR. SUNDWICK: Do you have to build
20 parking lots and put this structure in place, and
21 docks, et cetera?

22 MR. LIST: Yes, we do.

23 MR. SUNDWICK: When you leave what

1 happens? They end up with a parking lot, no
2 building, and a dock?

3 MR. LIST: They end up with a dock and
4 they end up with parking. To the extent that they
5 want us to leave it, the parcel immediately east
6 or upstream from the marina property is actually
7 optioned from a different owner. It's currently a
8 field, and in that instance we've agreed to
9 restore it to its former condition also if he
10 wishes to have that done. We also would build and
11 leave for the owners of the marina as part of our
12 arrangement a butler-type building that will serve
13 the marina and their public users there in the
14 future.

15 MR. SUNDWICK: There was some
16 conversation about some improvements on Highway
17 56.

18 MR. LIST: That's correct.

19 MR. SUNDWICK: To what extent, what kind
20 of improvements are we talking about?

21 MR. STUNKEL: We have a traffic proposal
22 that we've set down with the City of Aurora, and
23 it was designed by the Corradino Group, and

1 effectively what we are doing is coming off of
2 U.S. 50, and at the intersection there using Third
3 or Fourth Street as a one way to the site and then
4 coming back on the river road and coming across
5 the bridge back to 50 so that we don't have the
6 two traffics facing each other until they get down
7 to 56 south of Aurora. I know you are familiar
8 with that area.

9 But we are making some improvements in
10 that we will have to do some resignalization in
11 Aurora. You know where the large slide is there?
12 That one area we are going to try to do a little
13 work on that. We are going to widen the road at
14 our intersection at the facility. We will put a
15 stoplight in there and we will probably have
16 manual controls of that light 24 hours a day.

17 MR. THAR: Do you intend to pay for all
18 of those improvements through Aurora and to the
19 temporary site?

20 MR. STUNKEL: We are going to pay for
21 those improvements ourselves, and that does not
22 come out of the money that we are giving to Aurora
23 at the dollar per passenger.



1 MR. THAR: The commissioners had an
2 opportunity to drive through Aurora, and that
3 might even be tougher to get through than
4 Lawrenceburg. What's the City's, Aurora's,
5 position in regard to having this traffic go
6 through it from the east side to the west side?

7 MR. STUNKEL: They would like to have
8 some revenue sharing. They would like to have
9 some money to pay for some of the discomfort that
10 they, by going through the City. They know that
11 for a short period of time this will exist as it
12 relates to our project. Now, I know you have
13 other options here, and I'm not sure how that all
14 relates to any boats further down the Highway 56.
15 But I can tell you that we've had a very good
16 relationship with Mayor Kelly and his commission
17 or council and they have worked with Corradino in
18 selecting the right aspects of this plan, and we
19 know that they will -- they have accepted what we
20 proposed for the traffic plan in that area.

21 MR. THAR: While we're talking about
22 other boats downstream, based upon our analysis,
23 your proposal shows no admission revenue. Does

1 that mean that you are not going to charge people
2 to get on the boat?

3 MR. STUNKEL: You said based on the
4 temporary?

5 MR. THAR: No. Based upon the analysis
6 that has been done on your projections, you show
7 no admissions revenue. Does that mean you are not
8 going to charge people to get on the boat?

9 MR. STUNKEL: We have to charge them \$3,
10 sir, for the State.

11 MR. THAR: So you are just going to
12 collect the tax, sir? Is that it?

13 MR. PARROTT: No. We would believe, we
14 have not set a price, but we would believe, as in
15 other markets, there would be a fee to go on the
16 boat. Typically the way that this has been
17 handled before and the way we would see it is a
18 charge that is set initially and really is
19 adjusted for people that are regular players,
20 members of the clubs, et cetera, but it is a way
21 to control traffic. And we have not set a fee
22 but, yes, there would be one.

23 MR. THAR: So even though you did not

1 put one forth in the projections that were given
2 to us for analysis, your intention is somewhere
3 down the road, your intention is to charge an
4 admissions fee?

5 MR. PARROTT: Yeah. I believe we would.
6 It has not been in any of our internal projections
7 either.

8 MR. THAR: One of our concerns might
9 well have been if you do not what affect would
10 that have on a competing boat down the river, but
11 you are going to charge?

12 MR. PARROTT: That's correct.

13 MR. SUNDWICK: (Inaudible.)

14 (Laughter.)

15 MR. PARROTT: Well, as many things in
16 this wonderful free enterprise system, it really
17 becomes market driven. Fees have been charged in
18 a lot of areas; and in others, like New Orleans
19 and other areas of Louisiana, there is no boarding
20 fee.

21 MR. MILCAREK: Of this thirty-two
22 million to start up the temporary site, that's not
23 disposable? You're going to have to buy a boat

1 for twenty-four million or whatever?

2 MR. PARROTT: Yes. Mr. Hilton is a
3 smooth salesman and he's talked us into buying a
4 boat.

5 MR. MILCAREK: But that's not
6 disposable? You'll get that money back?

7 MR. PARROTT: That's a boat that really
8 becomes excess to the needs. It could be moved to
9 the permanent site as soon as the docking was
10 ready, but it ultimately becomes, we have made no
11 provision for selling it; but it would be
12 something owned by the partnership and either sold
13 or retained for a back up vessel.

14 MR. MILCAREK: So really it's not
15 costing thirty-two million. Initially it would
16 be, but a lot of that would be recoverable.

17 MR. PARROTT: Correct. I don't know if
18 you call it a portable investment, but that's like
19 a huge airplane or anything else. The market
20 value of used boats is probably not determined
21 yet, and depending on other jurisdictions in other
22 states and when there might be a need, it really
23 is difficult to ascertain the value of these boats

1 two, three, five, ten years from now.

2 MR. MILCAREK: Either at your temporary
3 or your permanent site, how would you handle a
4 major disaster such as a fire or something else?

5 MR. PARROTT: A disaster on the boat?

6 MR. MILCAREK: Anything. A fire in your
7 facility or anything. What type of plan do you
8 have?

9 MR. PARROTT: I'm sure we have far
10 better experts, but I'll tell you my opinion as
11 chairman of the company. In the temporary
12 facility, obviously it's all on one level. We
13 have access and it's a fire proof structure. It's
14 one of the economic benefits of Desert Storm,
15 these structures that came out, clear span metal
16 frame. So getting a fire or some type of a
17 disaster in this structure itself, starting with
18 the temporary, really becomes a non-issue because
19 there's so many exits, plus fire protection and
20 fire marshals.

21 On the boat, as we are in other
22 jurisdictions, we comply with the full regulatory
23 requirements of the Coast Guard, and those issues

1 are really the same as anywhere. I can't give you
2 the specifics. We could probably call on someone
3 else if you would like as far as the times. We
4 have to do fire drills and getting people to exit
5 the boat with the times.

6 In the building it's much like a mall.
7 The zoning and the requirements call for a certain
8 number of fire exits and square footage of fire
9 egress for the square footage of the facility
10 itself. Looking at the fire lanes, one of the
11 issues that we knew we would have getting to the
12 permanent site was really having a lane, in our
13 case we are showing 120 feet, that would allow for
14 a four-lane road to allow fire equipment in and
15 out or emergency vehicles. They are really code
16 driven, but they are more than amply met by the
17 designs that you see before you.

18 MS. BOCHNOWSKI: Tom brings up a good
19 point, though. Because these are small
20 communities that aren't used to having such big
21 facilities, do you plan to supplement their fire
22 capabilities and so on?

23 MR. AVANSINO: I simply wanted to state

1 that Hilton has established a state of the art in
2 standards for life safety as a result of a
3 disastrous fire in Las Vegas in 1971. We have
4 established not only those standards on this boat,
5 but where this hotel is involved and the Hilton
6 name is involved, we will have the life safety
7 standards that we're so proud of. They far exceed
8 the codes in every state, and we think that awards
9 our guests, frequent travelers and others, a sense
10 of safety that they may not have elsewhere, so I
11 just wanted you to be aware of that.

12 MR. KLINEMAN: I thought maybe we could
13 take a short break, unless you had something
14 further.

15 MR. PARROTT: One closing comment on
16 that subject. I think another good example is our
17 operation in Reno, which is our flag ship and has
18 been there twenty-seven years. We are totally
19 self-contained from a sewer standpoint, water
20 standpoint, our own wells. But more important as
21 pertains to this, we created a volunteer fire
22 department, donated the equipment, built it, and
23 we've operated with that as our primary fire and

1 also safety and emergency facility for well over a
2 decade. And if need be, we would do the same
3 thing here. Thank you.

4 MR. KLINEMAN: I think we'll take a,
5 hopefully a short break, say 10 minutes, and come
6 back here about ten after 4:00 and give everybody
7 a chance to stretch.

8 (A recess was had.)

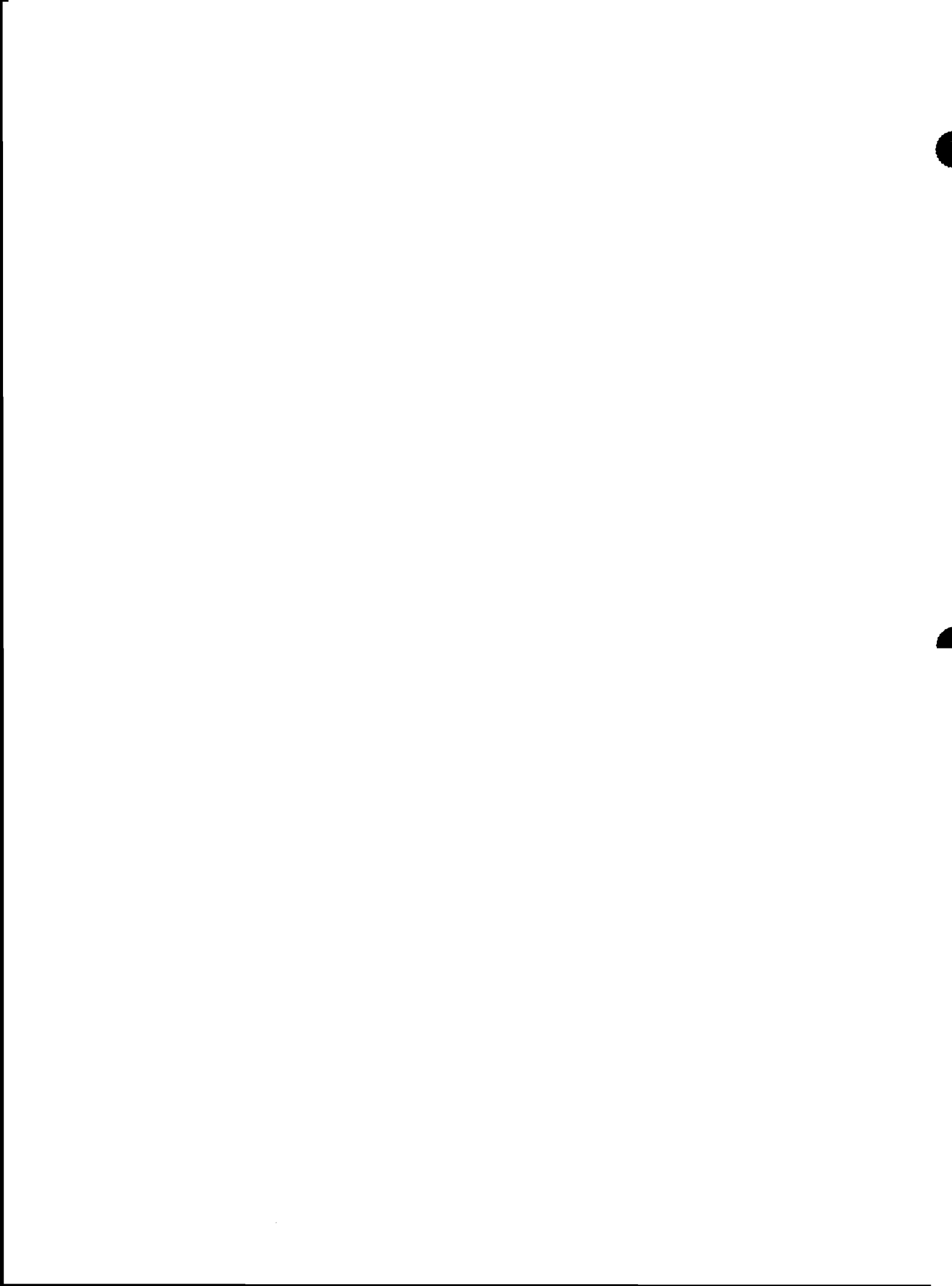
9 MR. KLINEMAN: Let's come to order a
10 little bit and get started.

11 MS. BOCHNOWSKI: I have a real simple
12 one. I don't think this will take very long.

13 When you're talking about -- this was,
14 this kind of occurred to me as you were talking
15 about it and somebody pointed out this question
16 and we should probably get this cleared up. You
17 are going to be putting in quite a bit of fill
18 there, what, 14 feet or 10? Whatever it is. And
19 where do you intend to get this fill from?

20 MR. STUNKEL: As you can see, we have a
21 marina. It's quite large, and our primary source
22 for the fill is the marina area.

23 MS. BOCHNOWSKI: That you're cutting



1 into the shore line?

2 MR. STUNKEL: Yes. And our secondary
3 area is that my contractor, a guy from DeMars, has
4 informed us that there is an enormous amount of
5 fill being taken away for the Wal-Mart just about
6 a half a mile down the road from our site which we
7 have access to as well.

8 MS. BOCHNOWSKI: So if we do this real
9 quick and you can get in touch of Wal-Mart, they
10 can dump it on your property?

11 (Laughter.)

12 MR. STUNKEL: Yes.

13 MS. BOCHNOWSKI: Thank you.

14 MR. MILCAREK: Are you handling the
15 Wal-Mart building too?

16 MR. STUNKEL: No, I'm not.

17 MR. SUNDWICK: How many slips will be in
18 that marina?

19 MR. STUNKEL: In our application it
20 calls for fifty, I believe. We have some
21 flexibility there. We could build more. We'll
22 have the area to, that's for sure.

23 MR. SUNDWICK: Now, what size are the

1 slips?

2 MR. STUNKEL: They will be able to hold
3 a 40- to 50-foot vessel, some of them will be,
4 we'll have some docks for some larger vessels.
5 But we are not looking for the year-round
6 customer. We are looking for the transient
7 customer, of course, for the operation. I'm
8 sorry, I'm told it was 150 in the Corps
9 application, so we do have some flexibility
10 between the two numbers.

11 MR. KLINEMAN: Mr. Stunkel, your time
12 line looks a little slow to me. You have got the
13 hotel completed in April of '97. That's almost
14 two years from now. And the building doesn't get
15 completed until June of '97. Is that really the
16 schedule you would expect to be on?

17 MR. STUNKEL: Our total construction, I
18 believe, finishes in the spring of '97. We will
19 have our main facility and all of the contents
20 ready and will be open on December 1st, 1996.
21 There's, I think, a blue star on there if you can
22 find it on the schedule. The hotel is going to be
23 completed about six months later. It's being

1 built at the same time. It's just the location of
2 the fill, some of the things that we have to do on
3 site, that's precluding us from starting the hotel
4 the same day we start the main facility.

5 MR. KLINEMAN: I just had a feeling,
6 because you will have this temporary site, and you
7 would really have an awful lot of flexibility
8 getting these things in the ground and built
9 without much interference, and it looked like you
10 were almost phasing this in, and I just thought --

11 MR. STUNKEL: There's no phasing, sir.

12 MR. KLINEMAN: Okay. Well, I personally
13 would like to see this stuff up as fast as we can.
14 I think it will improve the revenue and not leave
15 the impression that it's just a gaming location.

16 MR. STUNKEL: The majority of our money,
17 the parking lot, everything will be there for an
18 opening on December 1st of 1996. We may even have
19 half of the rooms done by that time.

20 MR. KLINEMAN: The problem, I mean, you
21 have a schedule. I'm just suggesting --

22 MR. STUNKEL: We would like to get it
23 done as quickly as we can, and I think we do have

1 a rather aggressive schedule.

2 MR. KLINEMAN: And your site is an
3 irregular looking piece of ground. It's got
4 corners like that. (Indicating.) Is that
5 correct?

6 MR. STUNKEL: That's correct.

7 MR. KLINEMAN: And do you have site
8 control options? What is your standing with the
9 site?

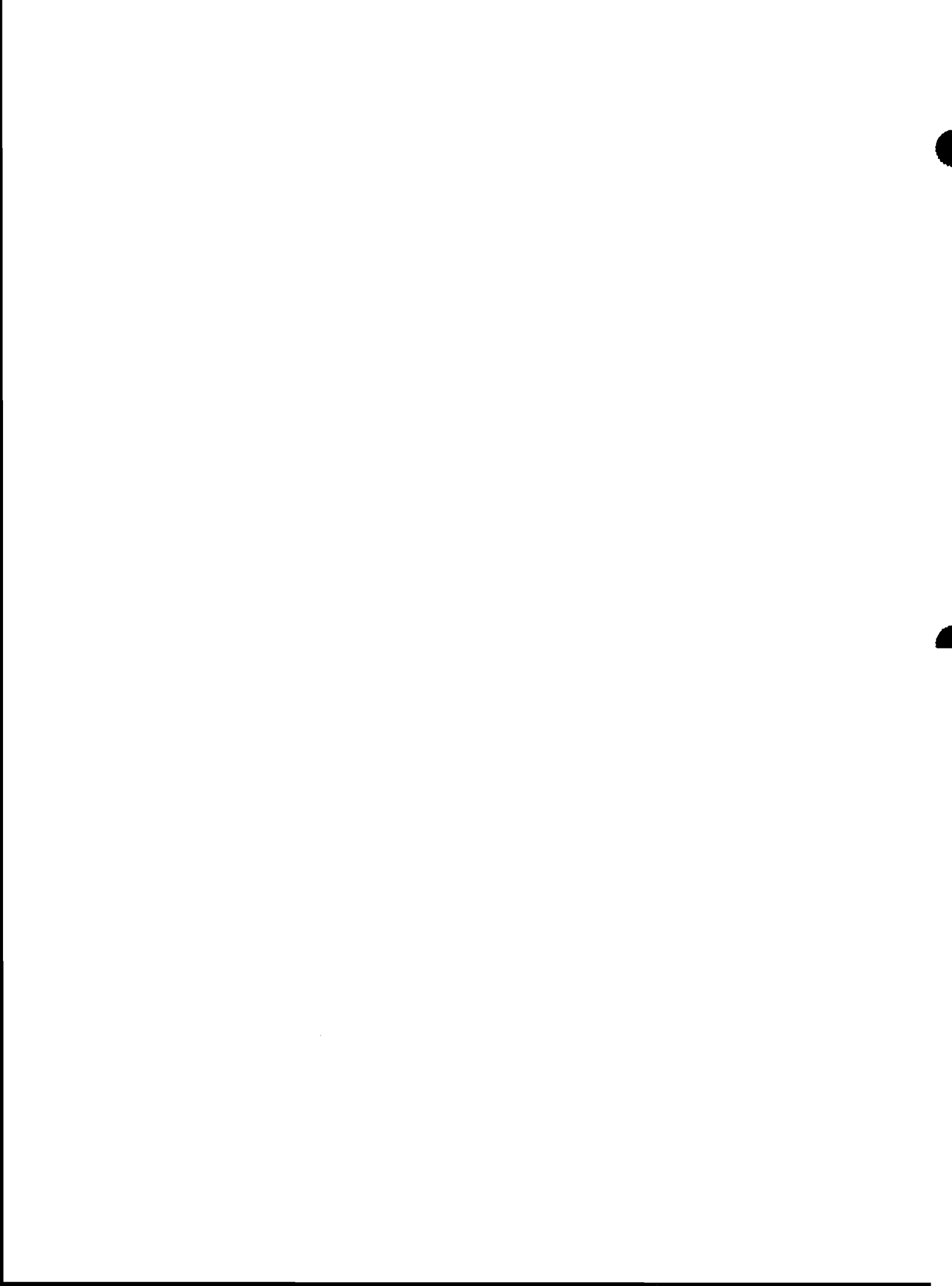
10 MR. STUNKEL: Yes, we do have site
11 control at this point. On our site, on our 150
12 acre site?

13 MR. KLINEMAN: Right.

14 MR. STUNKEL: Yes, we do have site
15 control. We have a lease with the Indiana-
16 Michigan Power Company. Option to lease, I'm
17 sorry.

18 MR. KLINEMAN: Okay. And how long a
19 lease are you contemplating? When does your
20 option expire?

21 MR. LIST: We have a non-exclusive
22 option with INM, the other party that has the
23 option of course is Boyd. And whoever, if one of



1 us is awarded a license, that's a precondition to
2 exercising the option. The option is for an
3 initial ten-year term with eight five-year options
4 to follow, so there's a total of fifty years under
5 option at this time. And the small 10 acre
6 entrance area that Gene described as a triangle is
7 also optioned. The option on that is to purchase,
8 and it is a, we paid an option price there of
9 \$2500. That option has been extended and it's an
10 option to purchase for \$80,000. We have an option
11 through January of 1996 to purchase that property,
12 and that is an exclusive option.

13 MR. KLINEMAN: The nature of the lease
14 with INM, if something would happen and you have
15 these facilities in place, and this has happened
16 in some states and would never happen here, the
17 boat sails away, then that property would revert
18 to INM, I guess?

19 MR. PARROTT: As we mentioned earlier,
20 two-thirds of our investment is in land-based
21 facility. So from our position, it's hard to
22 imagine how we would walk away from the investment
23 and the long-term lease, which is effective

1 ownership.

2 A comment, Mr. Chairman, I would like to
3 bring back too on our feeling of urgency to move
4 into a permanent facility should we have the
5 opportunity. The best answer is it's in our best
6 economic interest to be in the permanent facility
7 and out of a temporary facility as quickly as
8 possible. We have no doubt that the additional
9 distance to get through Aurora and the facility
10 itself is a handicap for the market and we would
11 be depriving ourselves and the area at large to
12 stay there one day longer than was absolutely
13 necessary. So although we have some comfort at
14 being open, it really is no comfort at all in not
15 doing a fast track project, which is our plan.

16 MR. STUNKEL: Let me also address the 10
17 acre parcel again for a moment. As Bob said, this
18 is an exclusive option that we have. We will
19 purchase that 10 acres. That's really the only
20 access entrance to this property as we see it at
21 this point. We have the ability to put three
22 lanes in and three lanes out of this, at this
23 location. We can run it all the way back to the



1 site. We can stack traffic, or stack cars, on our
2 property as opposed to putting it out on U.S. 50.
3 And, so, that gives us a real advantage, I think,
4 as it relates to this site.

5 MR. VOWELS: About your temporary boat
6 you talked about during the presentation, where's
7 that coming from?

8 MR. PARROTT: The temporary boat we
9 discussed is the boat that is the Queen of New
10 Orleans, formerly the boat that Hilton used in New
11 Orleans before they bought a larger boat.

12 MR. VOWELS: Is it down in Louisiana
13 now?

14 MR. PARROTT: Where is the boat
15 positioned right now? The boat salesman is coming
16 up.

17 MR. AVANSINO: I'm Skip Avansino with a
18 new hat. But the fact of the matter is, the boat
19 is located in New Orleans at the Trinity boat
20 yard, fully equipped.

21 MR. VOWELS: What's the size of it
22 again? How many gaming positions?

23 MR. AVANSINO: It's approximately 1200

1 gaming positions, 325 feet -- Forgive me. It's
2 the other one that's 325. 245 by 80.

3 MR. VOWELS: And how many passengers?
4 How many patrons would that hold?

5 MR. AVANSINO: Over 1400 passengers.
6 Excuse me. You can see my hat isn't fitting well.

7 (Laughter.)

8 MR. VOWELS: Then that would come
9 through Hilton as would the permanent boat; is
10 that right?

11 MR. AVANSINO: This boat is being sold
12 to the venture and would be immediately available.
13 The other boat for the permanent site will be
14 constructed.

15 MR. VOWELS: Okay. It would be
16 constructed, and has there been any contracts let
17 on that?

18 MR. AVANSINO: Yes. I would like Mr.
19 Parrott to address that.

20 MR. PARROTT: We have sent seven bid
21 packages out to seven ship builders, including
22 Jeff Boat, with the specs for the permanent boat.
23 So far six have responded. Jeff Boat has declined

1 it.

2 MR. VOWELS: They've declined to respond
3 in they don't want to be involved or what?

4 MR. PARROTT: The boat that they have
5 designed for the permanent facility is 108-foot
6 beam, and Jeff Boat has advised us that they are
7 not able to build that hull structure in Indiana
8 and would have to have it built by another yard in
9 Louisiana or some other state; and we would still
10 hope to be able to talk to them if selected, but
11 at the present time they have declined the bid
12 that was sent out to the others.

13 MR. VOWELS: All right. What was the
14 spec on the boat again, length and width? A
15 hundred and eight by what?

16 MR. PARROTT: 108 by 434.

17 MR. VOWELS: The 108 width, there was
18 some discussion that we had the other day about
19 going through locks. Is that the maximum allowed?

20 MR. PARROTT: Yes, it is. It allows
21 literally just a foot or two to get through the
22 locks.

23 MR. VOWELS: Okay. So Jeff Boat is out,

1 basically?

2 MR. PARROTT: I wouldn't say they are
3 formally out. I would say they did decline and
4 they do have the challenge of being able to build
5 the hull on site. So if anything is done with
6 them or I suspect somebody else, it would
7 basically have to be a split job.

8 MR. VOWELS: How long do you anticipate
9 it would be before that permanent boat would be --
10 say next Friday we give you a certificate of
11 suitability and however long it takes from this.
12 After we give you the license, how long do you
13 think it will be?

14 MR. PARROTT: We've been working on the
15 design and would be prepared to have a yard
16 actually cut steel early to mid July and have a
17 boat on site by September 1st.

18 MR. VOWELS: Of what year?

19 MR. PARROTT: Of '96. I wish they built
20 them this quickly. I would say two or three years
21 ago we casino people might have believed they
22 could have, but we know better now.

23 MR. VOWELS: Okay. Now, this question



1 may have been answered but I don't know that I
2 heard it and, of course, I went to the restroom
3 because I drank a lot of coffee to stay awake.

4 MR. KLINEMAN: Can we strike that from
5 the record?

6 (Laughter.)

7 MR. VOWELS: My point is it may have
8 been answered and I wasn't here. Forgive me.

9 The local economic development plans,
10 and I've got the figures from when Boomtown and
11 SES were on a two boat proposals, so I'm not
12 really clear on what the economic developments
13 would be. Can you give me a number?

14 MR. LIST: The revenue sharing grant to
15 the county commences immediately upon the opening
16 of the temporary vessel and continues as a
17 permanent commitment. It amounts to one dollar
18 per admission to the county which, during that
19 first year, would approximate, if our figures are
20 correct, some two and a half million dollars; and
21 then starting in, at the point where the permanent
22 facility opens at the end of that year, would then
23 amount to approximately three and a half million

1 dollars annually. Over a period of five years,
2 that comes to \$18 million for the county. The
3 grant to the City of Lawrenceburg, as discussed
4 earlier, the development contract would
5 approximate, we believe, some twelve and a half
6 million dollars. The grant to the City of Aurora
7 is a one dollar per admission commitment during
8 the time when we operate at the temporary marina
9 and, obviously, impact that community, of one
10 dollar per person there. So it's about two and a
11 half million for the City of Aurora as well.

12 MR. VOWELS: Once you go to the
13 permanent dock, then Aurora doesn't receive
14 anything?

15 MR. LIST: That's correct. They
16 continue to receive money under the, the dollar
17 that we give to the county, actually the county in
18 turn intends to redistribute that among the
19 townships and the cities and towns, as we
20 understand it, on a per capita population basis,
21 and that's why you saw the endorsements from the
22 various townships and cities. They will all share
23 in that dollar and, of course, Aurora will get a

1 share of that.

2 MR. VOWELS: Okay. I'm looking and
3 based upon what you just told me, a dollar per
4 each admission that would go to the county over
5 and above what the statute requires, the figures
6 show a year two increase of annual passengers of
7 about 10 percent, year three 7 percent increase,
8 year four 5 percent increase, year five 2 percent
9 increase. Your market takes into account
10 Louisville. Do these decreases and the increases
11 from 10 percent, 7, 5, and 2, do they take into
12 account the future competition, in particular the
13 Louisville market?

14 MR. LIST: Yes, sir.

15 MR. VOWELS: So it still continues to
16 increase but just not at the level that it has
17 been?

18 MR. LIST: That's correct.

19 MR. VOWELS: Okay.

20 MR. THAR: On that same point, your
21 numbers, your projections, are very aggressive
22 compared to other applicants for Dearborn County
23 or the southeast region as a whole. For instance,

1 your adjusted gross gaming receipts are
2 approximately 37 percent greater than the average
3 applicant for Dearborn County, and your numbers
4 will continue to bear that type of relationship,
5 from 30 up to 50 percent or more depending upon
6 how one wants to look at the numbers. You've
7 presented a relatively aggressive, and you
8 projected 2.5 million people in the first year.
9 My question is: How are you going to get 2.5
10 million people in using a 20,000 square foot boat
11 during the first year, and secondly, when do you
12 lose your break even point if your projections
13 don't pan out? What if they are too aggressive?

14 MR. PARROTT: The numbers we are
15 showing -- first of all, the comment on the boat
16 of 20,000 square feet, that really is a definition
17 in gaming square footage in Louisiana.
18 Realistically if you look at the gaming square
19 footage available per position of their boat, it's
20 closer to 30,000 feet, and really I think there
21 are two answers.

22 First, if we look at the capacity in a
23 market where one casino license is not responding

1 fully to the potential and we reflect on what
2 happens in Illinois, we don't believe that there
3 is a cash flow constraint in either our temporary
4 or permanent facility. Secondly, our projections,
5 as far as maybe being more optimistic than
6 somebody else's, while we can't respond to theirs,
7 we can say that it is really based on what we
8 believe the draw and attraction of the facility
9 itself will be as a magnet coupled with marketing
10 that we believe is paralleled to others but we
11 think is a facility draw.

12 From a break even standpoint, we have
13 really set the repayment of what we have been
14 referring to as equity on a long-term basis, and
15 we have from a ratio standpoint and particularly
16 now with third-party financing at approximately 7
17 percent that doesn't start until after completion
18 of the permanent facility for principal reduction,
19 as very, very conservative. Even if for some
20 reason these numbers ended up being optimistic. I
21 would say we have absolutely no doubt that these
22 numbers are not optimistic, but if for some reason
23 should they be, they are still not close to cash

1 flow concern restraints.

2 MR. THAR: Your attendance average over
3 a five-year period is 3.59 million average over
4 five years.

5 MR. PARROTT: Average per year over five
6 years.

7 MR. THAR: The Dearborn County applicant
8 average is 2.8 million. If the applicant average
9 were to be correct, can you guys operate on 2.8
10 million passengers per year?

11 MR. PARROTT: Very definitely. I think
12 there are a couple of things. First, in addition
13 to what we view as the impact of the project, we
14 have really a large boat. And if you look at the
15 revenue again on the Illinois boats, the numbers
16 come very close to supporting this with a boat
17 that is appreciably smaller but without the
18 similar facilities. So, yes, the project would
19 still be profitable and cash flow very
20 comfortable, particularly in the way we've
21 structured the financing on this if the actual
22 numbers would be closer to the applicant average
23 you are referring to of the 2.8 versus something

1 higher. Clearly an unknown so what is win per
2 passenger per day will be, whether it's fifty or
3 sixty or higher or lower.

4 MR. THAR: Of course, on the Illinois
5 boats, even though they may be smaller, they have
6 the luxury of being able to balance out the
7 crowds, particularly where you've got two boats
8 per dock, which you would not be able to handle
9 that same type of traffic mix.

10 MR. PARROTT: That's correct. With the
11 exception of the Elgin boat, which is approaching
12 close to twenty million a month in gaming wins
13 with one boat.

14 Also, really, I appreciate the question
15 because it allows me to lead into an answer. The
16 facility is really designed to keep people there
17 between cruises and to not have them feel like
18 they are sitting and waiting so they can be
19 entertained between cruises that they can't get on
20 or if they can't get on the next cruise they can
21 have something to do. If you look at what draws
22 people to the distance, it's the ability to feel
23 satisfied that they can have a good time for an

1 extended stay of maybe five hours. So we think
2 that combination will help the peaks and valleys.

3 MR. THAR: Which leads me now to my next
4 question, which is this: You have designed this
5 as something where people come and they stay
6 there. Mr. Sundwick had asked earlier, how does
7 this mix, then, with the rest of the business
8 community in Lawrenceburg? To a certain extent,
9 if I was a businessman in Lawrenceburg I might
10 think they will draw a lot of people there but is
11 it designed for the people to say there so, as a
12 consequence, I am not going to get benefit from
13 that.

14 MR. PARROTT: I have an answer and I
15 would also like Mr. Avansino to give one too. We,
16 in our operation in Reno on the edge of town, the
17 majority of people that go there go downtown to
18 the casinos, but they happen to drive by us twice,
19 going downtown and coming back. I think that our
20 general feel is that in acting as a magnet for the
21 area, we are going to see peripheral benefit, as
22 we have seen everywhere else we operate, to other
23 operators and particularly when they have to drive

1 through Lawrenceburg and basically they've already
2 come to this side of the river. So that would be
3 my first answer.

4 The second part, before I give it to
5 Skip, is that we fully intend to have other
6 operators with some of the amenities that we have
7 in our facility. But I think as far as the pull
8 for the town, if history is any indication, the
9 town will feel their benefit too.

10 MR. AVANSINO: Mr. Thar, Skip Avansino.
11 I think Lawrenceburg will enjoy a significant
12 resurgence in business activity as a result of
13 this project. Our evidence in Hilton over many
14 years is that in Windsor just recently, we've only
15 been open for one year, the occupancy rate at the
16 various hotels has increased significantly, the
17 restaurants have had booming business since we
18 opened that temporary casino, the new businesses
19 that are coming in now, into the Windsor area, is
20 absolutely revitalizing the entire area. That has
21 also been evident in our experience in Queensland
22 in Surfer's Par-A-Dice, where Mr. Hilton started a
23 casino ten years ago in a very depressed beach

1 area. It has enjoyed significant growths,
2 attractiveness, tourist destination. This
3 facility itself will augment what business
4 activities and what opportunities that already
5 exist in Lawrenceburg.

6 MS. BOCHNOWSKI: I just have a question
7 and it's for Hilton. You know, as you were
8 talking about this boat in New Orleans, this is
9 your previous New Orleans boat that's now
10 available for Indiana; is that correct?

11 MR. AVANSINO: Yes, ma'am; that's
12 correct.

13 MS. BOCHNOWSKI: Did you replace it with
14 a larger boat for New Orleans?

15 MR. AVANSINO: Yes, ma'am. We have a
16 larger boat.

17 MS. BOCHNOWSKI: And I know that this
18 isn't the time where we are investigating you or
19 anything, but it just clicked in my mind. Right
20 before you opened up your original boat, and now
21 I'm hearing things aren't going quite that well, I
22 don't know about your operation but in New Orleans
23 in general, but some operators are having

1 problems. How is your operation doing there?

2 MR. AVANSINO: Well, our operation is
3 continuing on. Our win per passenger is
4 reasonable and certainly better than those just
5 next to us who closed.

6 (Laughter.)

7 MR. AVANSINO: We are the only boat
8 cruising right there on the Mississippi at this
9 point. It has enhanced our occupancy, energized
10 our restaurant business as well as all of our food
11 and beverage operations. We think it's a very
12 respectable performer for us. We are excited
13 about the potential in New Orleans and certainly
14 have had many discussions with our leadership
15 there and the citizenship in that community. So
16 we are pleased with it. And, yes, New Orleans has
17 not become the gaming market that most have
18 expected it to be, and it's more of a concern for
19 the land-based casino that is under construction
20 today.

21 MS. BOCHNOWSKI: You think that that is
22 the problem, that there is a land-based casino?

23 MR. AVANSINO: There is a temporary

1 land-based casino which hasn't quite performed up
2 to expectation, and they are building a new
3 permanent facility just directly across from
4 Hilton Hotel where our boat is, launches right
5 from the back of our hotel on the river.

6 MS. BOCHNOWSKI: Right.

7 MR. AVANSINO: It's a beautiful
8 structure.

9 MS. BOCHNOWSKI: I know right where it
10 is. So you just decided you needed more capacity
11 and that's why you switched boats?

12 MR. AVANSINO: This is a huge boat,
13 quite nice, and we are very pleased with that.

14 MS. BOCHNOWSKI: Just curious about
15 that. I know we'll get into that later.

16 MR. KLINEMAN: Everyone will be
17 disappointed if we don't talk about traffic.

18 This morning we saw a slide that showed
19 that Seagrams is so upset with the traffic they
20 are talking about, according to the presentation,
21 they are talking about leaving Lawrenceburg, and
22 your solution to the traffic is this
23 resignalization through Lawrenceburg and the

1 grading of the middle left turn lane. Do you have
2 any other plans on the drawing board, say bypasses
3 and things like that, to alleviate the traffic
4 problems should your program be as successful as
5 we all hope it will be?

6 MR. STUNKEL: As I spoke earlier, we've
7 done considerable research into the traffic issue,
8 and I think there's been three or four different
9 applicants who have studied the same problem. We
10 have come up with the same answer, that we believe
11 that this road will control our traffic and be
12 adequate for the capacity that we are creating.

13 The 275 interchange with 50 is an
14 important interchange. And I did a little
15 research in the last couple of days after I heard
16 your question about it, and, as I understand it,
17 INDOT has that on a program now that is being
18 built simultaneous with the U.S. 50 improvements,
19 and I believe that that will be completed by year
20 end. If not, certainly by as soon as they can in
21 the spring.

22 We've looked at the bypass around the
23 city, the bypass I hope comes to fruition. We'll

1 certainly look at the possibilities as we can
2 participate in that as it comes along. We got
3 involved with the county in pushing this U.S. 50
4 along, as we talked about, and offered to pay for
5 the design for the highway improvements.

6 MR. KLINEMAN: You did pay for the
7 design? I missed that. I didn't understand that
8 point in your presentation.

9 MR. STUNKEL: We offered to pay for the
10 design, but one of the nice things that we have in
11 Dearborn County, every time we offer to pay for
12 something, the County says, no, we'll pay for it.
13 We, we offered to pay for it. The County did
14 decide to pay for it because they didn't want it
15 to look as though it was a gaming project. And it
16 really isn't a gaming project. It's going to
17 benefit the whole southeast area down there from
18 Aurora to Greendale. But the bypass is something
19 that should be weighed and we would certainly give
20 it a lot of consideration.

21 MR. LIST: If I may, one other
22 discussion that we commenced is a discussion with
23 a company which is an affiliate of our director,

1 Richard Gigline, whom you met earlier, the former
2 president of Holiday. They are a company that
3 specializes in water transportation, and they have
4 explored a, they are in the process of exploring
5 an arrangement that would benefit us pretty
6 dramatically that would entail these new high
7 speed boats that carry some 300 passengers at
8 about 30 to 35 knots that during the summer
9 periods, at least, during the open water periods,
10 could easily shuttle from downtown Cincinnati to
11 our marina and alleviate and mitigate some of the
12 highway traffic.

13 MR. KLINEMAN: What is the distance by
14 water, do you think, from downtown Cincinnati to
15 your site?

16 MR. LIST: Approximately 20 to 25 miles.

17 MR. PARROTT: It's 25 minutes, Bob.

18 MR. STUNKEL: By water it's probably 15
19 miles at the most. I would also say that INDOT
20 right now is requiring the County to do a
21 comprehensive long-range transportation plan to
22 determine the best long-term solution for the
23 traffic in that whole area and that bypass is a

1 part of it.

2 MR. MILCAREK: What would the estimated
3 cost of that bypass be in today's dollars?

4 MR. STUNKEL: You know, that's a hard
5 one for me because I don't know if it's two lane,
6 I don't know if it's four lane, or six lane. It
7 would be a considerable amount if it was done into
8 a four-lane highway because, as it is now
9 designed, it would come up off of 275 directly up
10 the hill straight ahead and then cut through the
11 higher elevations of Greendale and back on the
12 backside of Lawrenceburg, come down, I think,
13 almost parallel with 48 or come right at about
14 that location. I'm not, I'm not, I can't give
15 you --

16 MR. MILCAREK: What would the distance
17 be? How many miles? 3 or 4 miles?

18 MR. STUNKEL: How many miles is the
19 bypass projected? 3 or 4 miles?

20 MR. KLINEMAN: We need a name, excuse
21 me.

22 MR. CORRIDINO: My name is Jose
23 Menendez. No, my name is Joe Corradino from the

1 Corradino Group. The bypass would be a fairly
2 large loop road. It would be 12 to 18 miles long
3 as a bypass. By the same token, if it were built
4 as an expressway, four lanes with a median,
5 crossings every so often through county facilities
6 and other access points, it could be 7 to 10
7 miles. If it were two lanes, it would be a lot
8 less.

9 MR. KLINEMAN: I just think a bypass
10 would open up the west side of Lawrenceburg in a
11 pretty dramatic fashion, easier access and a lot
12 of things. Anybody else have anything?

13 MR. MILCAREK: On that 10 acre site, did
14 you say that in order to have an adequate drive
15 and not choke that site down that you need that 10
16 acres?

17 MR. STUNKEL: Yes, sir.

18 MR. MILCAREK: And you have exclusive
19 option than that?

20 MR. STUNKEL: That's correct.

21 MR. MILCAREK: If you're not awarded the
22 license and somebody else decided to build on that
23 site, what would you do with the 10 acres?

1 MR. STUNKEL: It would probably be a
2 very expensive piece of ground.

3 (Laughter.)

4 MR. MILCAREK: You wouldn't just let
5 your opponent have it?

6 MR. STUNKEL: I haven't got that in my
7 plans right now.

8 MR. KLINEMAN: Well, since we are
9 asking -- Are you done, Tom?

10 MR. MILCAREK: Yeah.

11 MR. KLINEMAN: Since we're asking sort
12 of pointed questions, I guess I have a favorite
13 which is the non-compete. What kind of
14 non-compete would the joint venture itself be?
15 Have the individuals thought about it and arrived
16 at one? And I guess we would also like to know
17 that that would be binding on the Hilton group
18 should they come along too.

19 MR. PARROTT: I would like to make a
20 comment. We certainly thought you might ask such
21 a question. And although we haven't put it in
22 writing, I would say that for SES, Boomtown, and I
23 believe Hilton, we would be prepared to enter into



1 a five-year no compete in a 50 mile radius,
2 basically the Cincinnati market, for a project
3 such as this. If there's any . . .

4 (SES/Boomtown/Hilton associates nodding
5 heads in agreement.)

6 MR. PARROTT: So that would be a
7 tri-party agreement.

8 MR. KLINEMAN: I guess we would like in
9 it writing.

10 MR. PARROTT: We would be prepared to do
11 that.

12 MR. KLINEMAN: If you could give us a
13 letter to that effect.

14 MR. THAR: Did you say 50 or 15?

15 MR. PARROTT: Five zero.

16 MR. KLINEMAN: That wouldn't include
17 Hilton hotels. We are just talking about the
18 gaming site.

19 MR. PARROTT: We understand.

20 MR. VOWELS: There's not any agreements
21 with anyone or any intention to pursue casinos in
22 other --

23 MR. STUNKEL: Are you in any current

1 negotiations with the State of Kentucky?

2 (Mr. Avansino shakes head negatively.)

3 MR. VOWELS: And that would be part of
4 the non-compete also?

5 MR. PARROTT: For the 50-mile radius,
6 no. We can't speak for Hilton, but what we
7 believe this to be primarily is a protection of
8 the investment for the State of Indiana for the
9 greater Cincinnati market is what we are trying to
10 address with this.

11 MR. VOWELS: I have one statutory
12 question. The new statute requires that we can't
13 grant a license if we determine -- the current
14 statute now in fact requires that the gaming
15 commission may not grant a license to an applicant
16 if the commission determines that it is unlikely
17 or difficult for the riverboat to depart from the
18 dock. If you will address that to both temporary
19 and permanent facilities.

20 MR. LIST: Both of our sites allow
21 cruising. There's a, we showed you the picture
22 during the presentation of a 750-foot wide lane
23 that runs from the permanent site some distance

1 downstream. It allows us to carry out the planned
2 cruises, turn around, and come back up. From the
3 temporary site the same thing is true.

4 Interestingly enough, both of them, maybe it's
5 because of Tanner Creek and Lockry creek, both of
6 those areas of the river cause the flow to go out
7 and the Indiana width in those, in the vicinity of
8 those two creeks downstream, allows us to go down,
9 turn around, and come back and cruise within the
10 meaning of the law.

11 MR. VOWELS: And if I understand your
12 question, has there been any problems with future
13 employment compensation with officials of the
14 county or any townships or cities in Dearborn for
15 future employment compensation, any promises that
16 have been made?

17 MR. LIST: No.

18 MR. STUNKEL: No, sir.

19 MR. VOWELS: I don't have anything
20 further.

21 MR. KLINEMAN: If there's nothing
22 further, I just want to know, Governor, if you
23 paid your members of your gaming commission more

1 than \$50 a day?

2 MR. AVANSINO: No, sir.

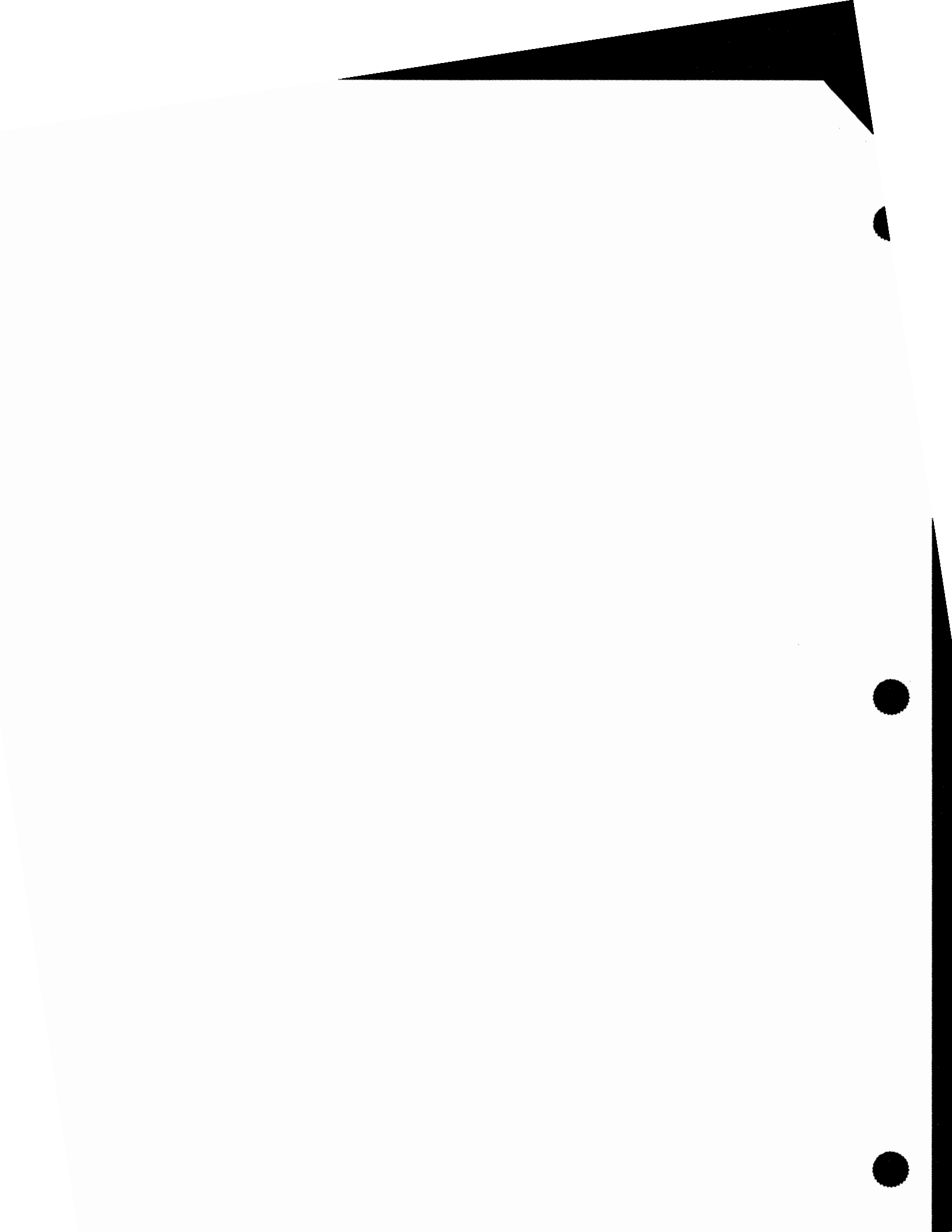
3 (Laughter.)

4 MR. LIST: You heard it from the source.
5 Actually, seriously, I think we have bettered it a
6 bit, and hopefully they will do the same for you.

7 Apparently I'm the last one to stand
8 here. Let me simply once again reiterate our
9 appreciation for all the time and the patience
10 that you and Mr. Thar and the employees and the
11 entire staff have put into this whole process.
12 It's been very, very professional. Having seen it
13 around the country, you can be very, very proud of
14 the way this has been conducted, and we reiterate
15 our earnest wish that we receive a license. Thank
16 you, sir.

17 MR. KLINEMAN: We thank you very much
18 for a fine presentation.

19
20 (WHEREUPON, the proceedings were
21 concluded.)
22
23



1 STATE OF INDIANA)
2) SS:
3 COUNTY OF MARION)
4

5 I, Sherry L. Malia, Stenographic
6 Reporter within and for the County of Marion,
7 State of Indiana, do hereby certify that on the
8 21st day of June, 1995, I reported the foregoing
9 Public Meeting; and that the transcript is a full,
10 true, and correct transcript made from my
11 stenograph notes.
12

13 Sherry L. Malia
14 Sherry L. Malia, Notary Public
15 Residing in Marion County
16 Indiana
17

18 My Commission Expires:
19 November 14, 1998
20
21
22
23

